

Province of  
Newfoundland and Labrador



**Financial Statements of  
Crown Corporations,  
Boards and Authorities  
(A - M)**

FOR THE YEAR ENDED  
31 MARCH 2009











# **Province of Newfoundland and Labrador**

## **Financial Statements of Crown Corporations, Boards and Authorities (A – M)**

**For The Year Ended  
31 March 2009**



## INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books: A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

Information on the financial position and results of operations of the Province for the 2008-09 fiscal year may be found in the following financial reports:

### **Public Accounts Volume I – Consolidated Summary Financial Statements**

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

### **Public Accounts Volume II – Consolidated Revenue Fund Financial Statements**

This Volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

### **Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund**

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies is also available on the Government's website at: [www.fin.gov.nl.ca/comptrollergeneral/publications.htm](http://www.fin.gov.nl.ca/comptrollergeneral/publications.htm)



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**The financial statements of the following agencies were not received in time for the inclusion in this report:**

C.A. Pippy Park Commission (2009)  
Dr. H. Bliss Murphy Cancer Care Foundation (2008 & 2009)  
Ever Green Environmental Corporation (2009)  
House of Assembly (2009)  
Newfoundland and Labrador Farm Products (2006, 2007, 2008 & 2009)  
Newfoundland and Labrador Legal Aid Commission (2008 & 2009)  
Newfoundland Government Fund (2004, 2005, 2006, 2007, & 2008)  
Private Training Corporation Train Out Fund (2007)  
Registrar of the Supreme Court (2009)  
The Burin Peninsula Health Care Foundation Inc. (2008 & 2009)  
Trinity-Conception-Placentia Health Foundation Inc. (2009)



**BOARD OF COMMISSIONERS  
OF PUBLIC UTILITIES**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**

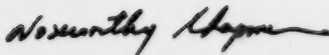
## AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities (the "Board") as at March 31, 2009 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
St. John's, Newfoundland & Labrador  
May 29, 2009



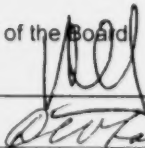
# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Statement of Financial Position

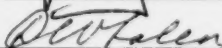
March 31, 2009

	2009	2008
<b>ASSETS</b>		
Current		
Cash	\$ 1,950,658	\$1,573,886
Receivables	65,270	33,702
Recoverable costs (Note 4)	121,034	210,532
Prepaid expenses	16,283	7,867
	2,153,245	1,825,987
Capital assets (Note 5)	62,279	45,691
	<b>\$ 2,215,524</b>	<b>\$1,871,678</b>
<b>LIABILITIES</b>		
Current		
Payables and accruals	\$ 173,902	\$ 168,376
Payroll accruals	353,166	282,622
Designated pension funds (Note 7)	119,124	71,678
	646,192	522,676
Commitments (Note 10)		
<b>ACCUMULATED SURPLUS</b>		
Invested in capital assets	62,279	45,691
Invested in designated pension funds	(119,124)	(71,678)
Internally restricted (Note 8)	1,283,774	1,142,760
Unrestricted	342,403	232,229
	1,569,332	1,349,002
	<b>\$ 2,215,524</b>	<b>\$1,871,678</b>

On Behalf of the Board



Chairperson and CEO



Vice-Chairperson

## BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

### Statement of Operations Year Ended March 31, 2009

	2009	2008
Revenues		
Regulatory assessments	\$2,208,131	\$2,023,443
Insurance review assessments (Note 9)	-	236,542
Interest and other income	24,744	50,305
Pension fund income (Note 7)	3,799	9,592
	2,236,674	2,319,882
Expenses		
Amortization	16,391	28,233
Consulting fees	138,170	92,126
Insurance review costs (Note 9)	-	236,542
Office equipment, supplies and services	58,113	60,656
Pension obligations estimation adjustment (Note 7)	51,245	50,245
Rent and insurance (Note 10)	235,072	183,418
Salaries and associated costs	1,400,439	1,412,482
Telecommunications	31,508	34,958
Training and membership	33,527	16,991
Travel	51,879	21,694
	2,016,344	2,137,345
Excess of revenues over expenses	\$ 220,330	\$ 182,537

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES****Statement of Accumulated Surplus  
Year Ended March 31, 2009**

	2009				2008	
	Invested in Capital Assets	Invested in Designated Pension Funds	Internally Restricted (Note 9)	Unrestricted	Total	Total
Balance as at beginning of year	\$ 45,691	\$ (71,678)	\$1,142,760	\$ 232,229	<b>\$1,349,002</b>	<b>\$1,678,430</b>
Excess of revenues over expenses	(16,391)	(47,446)	-	284,167	<b>220,330</b>	<b>182,537</b>
Assessment reductions	-	-	-	-	-	<b>(511,965)</b>
Invested in capital assets	32,979	-	-	(32,979)	-	-
Restricted during the year	-	-	141,014	(141,014)	-	-
Balance as at end of year	\$ 62,279	\$ (119,124)	\$1,283,774	\$ 342,403	<b>\$1,569,332</b>	<b>\$1,349,002</b>

**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES****Statement of Cash Flows****Year Ended March 31, 2009**

	2009	2008
Operating activities		
Cash receipts from assessments and other revenues	\$2,205,106	\$ 1,812,681
Cash paid to suppliers and employees	(1,932,299)	(2,331,717)
Cash (used in) operating activities	272,807	(519,036)
Hearing and review activities		
Decrease in recoverable costs	89,498	415,472
Decrease in deferred costs – insurance review	-	237,352
Cash provided by hearing and review activities	89,498	652,824
Investing activities		
Purchase of capital assets	(32,979)	(27,823)
Decrease in designated pension funds	47,446	40,653
Cash provided by investing activities	14,467	12,830
Increase in cash during year	376,772	146,618
Cash position as at beginning of year	1,573,886	1,427,268
Cash position as at end of year	\$1,950,658	\$ 1,573,886

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements

March 31, 2009

### 1. General

The Board of Commissioners of Public Utilities (the "Board") is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

### 2. Summary of significant accounting policies

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are set out below:

#### a) Operating revenues and expenses

Operating revenues and expenses are accounted for on the accrual basis.

#### b) Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are accrued until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenses of the Board.

#### c) Capital assets

Capital assets are recorded on the Statement of Financial Position at their historical cost and are amortized as follows:

- |                           |   |   |
|---------------------------|---|---|
| • Furniture and equipment | - | 20% declining balance method  |
| • Computer hardware       | - | 35% declining balance method  |
| • Computer software       | - | 50% declining balance method  |
| • Leasehold improvements  | - | the lesser of five year straight-line and remaining term of the lease |

#### d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements

March 31, 2009

### 2. Significant accounting policies (cont'd)

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes related thereto. Actual results may differ from those estimates.

f) Designated pension funds

The Board maintains a defined benefit pension plan for two former commissioners. The Board accrues its obligation under employee benefit plans, net of plan assets. The cost of the Board's defined benefit pension is actuarially determined using the accumulated benefit method. The actuarial assumptions are a rate of return of 3.46% per annum using the UP94 mortality table projected to 2015 with scale AA.

### 3. Financial instruments

The Board's financial instruments consist of cash, receivables, recoverable costs and payables and accruals. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### 4. Recoverable costs

	2009	2008
Recoverable costs, beginning of year	\$210,532	\$ 626,004
Add – specific enquiry costs incurred during the year:		
Consulting fees	169,531	328,198
Consumer Advocate	76,173	570,240
Transcription and printing	-	6,103
Advertising and notice	1,963	33,204
Other	39	4,458
	247,706	942,203
	458,238	1,568,207
Less – costs recovered during the year	337,204	1,357,675
Recoverable costs, end of year	\$121,034	\$ 210,532

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements

March 31, 2009

### 5. Capital assets

	2009		2008	
	Original Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$225,102	\$206,635	\$ 18,467	\$ 20,447
Computer hardware	143,980	128,141	15,839	21,974
Computer software	49,248	22,104	27,144	1,550
Leasehold improvements	132,284	131,455	829	1,720
	\$550,614	\$488,335	\$ 62,279	\$ 45,691

### 6. Bank credit agreement

The Board has established a \$1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%.

### 7. Designated pension funds and pension obligations

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

The Board maintains a deferred benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with RBC Dexia Investor Services Trust on behalf of these pensioners and are recorded at market value.

	2009	2008
Balance on deposit, beginning of year	\$263,722	\$ 319,575
Add – earnings net of expenses	3,799	9,592
	267,521	329,167
Deduct – benefit payments	65,445	(65,445)
Balance on deposit, end of year	202,076	263,722
Related pension obligation	(321,200)	(335,400)
	\$(119,124)	\$ (71,678)

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated May 12, 2009. A pension obligations estimation adjustment of \$51,245 (2008 - \$50,245) is included in expenses in the fiscal year.

In addition, other commissioners and employees for which no designated pension plan has been established are members of The Public Service Pension Fund Act 1991; pension contributions deducted from commissioners and employees salaries are matched by the Board and then resubmitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to commissioners and employees when they retire. The Board's share of pension expense for the year of \$86,058 (2008 - \$65,377) is included in salaries and associated costs.

# BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

## Notes to Financial Statements

March 31, 2009

### 8. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2009 are as follows:

	2009	2008
Lease commitments	\$ 242,900	\$ 232,580
Payroll contingency	91,048	73,514
Redundancy pay contingency	536,159	463,165
Working capital	413,667	373,501
	<b>\$1,283,774</b>	<b>\$1,142,760</b>

### 9. Insurance review

The Board incurred costs during the 2005, 2006 and 2007 fiscal years relating to the insurance industry review. These costs were deferred until all costs pertaining to the specific review had been accumulated and a special assessment issued. Assessment revenue and the related costs were included in the 2008 operating revenues and expenses of the Board.

### 10. Commitments

The Board has the following lease commitments for the rental of office space in St. John's and Grand Falls-Windsor:

#### St. John's

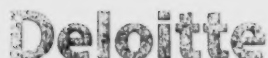
- a) lease agreement in the amount of \$17,417 per month (\$209,004 per annum), concluding May 31, 2013.

#### Grand Falls-Windsor

- b) lease agreement in the amount of \$2,825 per month (\$33,900 per annum), concluding February 28, 2010.



**BULL ARM SITE CORPORATION**  
**FINANCIAL STATEMENTS**  
**March 31, 2009**



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St. John's NL A1C 6H5  
Canada

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Fax: (709) 576-8460  
www.deloitte.ca

## Auditors' Report

To the Directors of  
Bull Arm Site Corporation

We have audited the balance sheet of Bull Arm Site Corporation (the "Corporation") as at March 31, 2009 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited by another firm of chartered accountants who issued their opinion without reservation dated June 3, 2008.

*Deloitte & Touche LLP*

Chartered Accountants  
June 11, 2009

Member of  
Deloitte Touche Tohmatsu

## BOARD OF DIRECTORS

JOHN OTTENHEIMER<sup>1</sup>  
Lawyer and Corporate Director

EDMUND J. MARTIN<sup>1</sup>  
President and Chief Executive Officer  
Nalcor Energy

BILL FANNING<sup>1,2</sup>  
President and Chief Operating Officer  
Spectrol Energy Services

MICHAEL MULROONEY<sup>1,2</sup>  
Production Day Coordinator  
Petro Canada

CATHY BENNETT<sup>1</sup>  
Owner / Operator  
Bennett Restaurants Ltd.

GERALD SHORTALL<sup>1</sup>  
Chartered Accountant and Corporate Director

GARY GORMAN<sup>2</sup>  
Dean, Faculty of Business Administration  
Memorial University

JIM KEATING<sup>2</sup>  
Vice-president Business Development  
Newfoundland and Labrador Hydro

FRED DROVER<sup>2</sup>  
Comptroller, Keyin College

PIERRE TOBIN<sup>4</sup>  
Assistant Deputy Minister  
Natural Resources

## OFFICERS

JOHN OTTENHEIMER<sup>3</sup>  
Chairman

EDMUND J. MARTIN<sup>3</sup>  
President and Chief Executive Officer

DERRICK F. STURGE<sup>3</sup>  
Vice-President, Finance and Chief Financial Officer

CHRIS KIELEY<sup>3</sup>  
Vice-President

GREG JONES<sup>3</sup>  
General Manager

WAYNE D. CHAMBERLAIN<sup>3</sup>  
General Counsel and Corporate Secretary

PETER A. HICKMAN<sup>3</sup>  
Assistant Corporate Secretary

MARK G.S. BRADBURY<sup>3</sup>  
Corporate Treasurer

GLENN H. MITCHELL<sup>3</sup>  
Corporate Controller

## HEAD AND CORPORATE OFFICE

P.O. Box 12800  
St. John's, Newfoundland and Labrador

<sup>1</sup> Appointed March 31, 2009

<sup>2</sup> Term ended October 2008 but continued as member of the Board of Directors until March 31, 2009

<sup>3</sup> Appointed April 27, 2009

<sup>4</sup> Term ended upon appointment of new Board of Directors, March 31, 2009

**BULL ARM SITE CORPORATION**  
**BALANCE SHEET**

As at March 31

2009

2008

**ASSETS**

Current assets

Cash and cash equivalents	662,246	202,722
Investments (Note 2)	126,747	123,834
Receivables (Note 3)	553,682	62,421
Prepaid expenses (Note 4)	37,879	87,068

1,380,554 476,045

Investment property (Note 5)

1 1

Property, plant and equipment (Note 6)

514,982 630,397

1,895,537 1,106,443

**LIABILITIES AND SHAREHOLDER'S EQUITY**

Current liabilities

Accounts payable and accrued liabilities	66,081	97,024
Due to related parties (Note 9)	768,738	-

Distribution payable to the Province of Newfoundland and Labrador (Note 7)

836,308 1,009,415

1,671,127 1,106,439

Shareholder's equity

Share capital

Authorized

100 common shares of no par value

Issued

3 common shares

3 3

Equity in investment property (Note 5)

1 1

Retained earnings

224,406 -

224,410 4

Contingent liability (Note 8)

1,895,537 1,106,443

See accompanying notes

On behalf of the Board:

DIRECTOR

DIRECTOR

**BULL ARM SITE CORPORATION**  
**STATEMENT OF INCOME AND COMPREHENSIVE INCOME**

<i>For the year ended March 31</i>	<b>2009</b>	<b>2008</b>
Revenue		
Province of Newfoundland and Labrador		
Operating grant	<b>1,600,000</b>	1,135,000
Lease and rental revenue	<b>544,704</b>	42,162
Interest	<b>7,089</b>	12,426
	<b><u>2,151,793</u></b>	<b><u>1,189,588</u></b>
Expenses		
Operating and maintenance	<b>1,664,782</b>	1,066,071
Amortization	<b>115,415</b>	145,036
	<b><u>1,780,197</u></b>	<b><u>1,211,107</u></b>
Net income (loss) (Note 7)	<b><u>371,596</u></b>	<b><u>(21,519)</u></b>

*See accompanying notes*

**BULL ARM SITE CORPORATION**  
**STATEMENT OF RETAINED EARNINGS**

<i>For the year ended March 31</i>	<b>2009</b>	<b>2008</b>
Retained earnings, beginning of year	-	-
Net income (loss) (Note 7)	<b>371,596</b>	(21,519)
Deductions (additions) to distribution payable to Province (Note 7)	<b>(147,190)</b>	21,519
Retained earnings, end of year	<b><u>224,406</u></b>	<b><u>-</u></b>

**BULL ARM SITE CORPORATION**  
**STATEMENT OF CASH FLOWS**

<i>For the year ended March 31</i>	<b>2009</b>	<b>2008</b>
Cash provided by (used in)		
Operating activities		
Net income (loss)	<b>371,596</b>	(21,519)
Adjusted for items not involving a cash flow		
Amortization	<b>115,415</b>	145,036
Bad debt	<u>-</u>	<u>2,875</u>
	<b>487,011</b>	126,392
Changes in non-cash operating working capital balance		
Receivables	<b>(491,261)</b>	(55,981)
Due to related parties	<b>768,738</b>	-
Accounts payable and accrued liabilities	<b>(30,943)</b>	(9,711)
Performance bonds payable	-	(9,135)
Prepaid expenses	<u><b>49,189</b></u>	<u>74,023</u>
	<u><b>782,734</b></u>	<u>125,588</u>
Financing activity		
Amounts paid or payable to Province of Newfoundland and Labrador (Note 7)	<u><b>(320,297)</b></u>	<u>(32,362)</u>
Net increase in cash and cash equivalents	<b>462,437</b>	93,226
Cash position, beginning of year	<u><b>326,556</b></u>	<u>233,330</u>
Cash position, end of year	<u><b>788,993</b></u>	<u>326,556</u>
Cash is represented by		
Cash and cash equivalents	<b>662,246</b>	202,722
Investments	<u><b>126,747</b></u>	<u>123,834</u>
	<u><b>788,993</b></u>	<u>326,556</u>

*See accompanying notes*

## **BULL ARM SITE CORPORATION**

### **NOTES TO FINANCIAL STATEMENTS**

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The Bull Arm Site Corporation (Bull Arm or the Corporation) was incorporated by the Province of Newfoundland and Labrador (the Province) on September 15, 1995, under the Corporations Act. All shares of the Corporation were held by ministers of the crown on behalf of the Province. Its affairs were governed by a Board of Directors appointed by the Lieutenant-Governor in Council. Effective March 31, 2009, the Province authorized Nalcor Energy (Nalcor) to acquire the outstanding shares of the Corporation for \$1 and to maintain it as a subsidiary of Nalcor. Bull Arm was renamed Nalcor Energy - Bull Arm Fabrication Incorporated effective May 12, 2009.

An agreement between the Province and the parties involved in the Hibernia project provided for the transfer of assets, known as investment property, at the Bull Arm Site (Site) to the Province. Investment property is defined in the agreement to include buildings, fixed equipment, living and recreational facilities, drydock, wharves, vehicles and other assets. In addition, the Corporation may accept investment property from other lessors of the Site upon termination of the lease agreements. The purpose of the Corporation is to receive and administer these assets at the Site. Investment property that is surplus to the future needs of the Corporation is either transferred for nil proceeds to the Province for its use or, if not required by the Province, disposed of to third parties.

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. The preparation of these financial statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Key areas where management has made complex or subjective judgements include the fair value and recoverability of assets, environmental and asset retirement obligations, amortization, and property, plant and equipment. Actual results may differ from these estimates.

##### **Revenue**

Revenue is recognized on the accrual basis.

##### **Investment Property**

Management of the Corporation has concluded that it is not practical to determine the value of the investment property with sufficient reliability and thus investment property is recorded at a nominal value of \$1. Any costs associated with obtaining the investment property are expensed as incurred.

##### **Property, Plant and Equipment**

Property, plant and equipment is capitalized at cost at the time of acquisition. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the methods described below based on the expected future life of the asset.

Computer equipment	30% declining balance
Vehicle	30% declining balance
Office equipment	20% declining balance
Topsides module hall door	20% declining balance
Security building	4% declining balance

##### **Impairment of Long-Lived Assets**

Bull Arm reviews the carrying value of its property, plant and equipment whenever events or changes in circumstances indicate that the expected undiscounted net cash flows could be lower than the carrying value of the property and assets. An impairment loss corresponding to the amount by which the carrying value exceeds fair value is recognized, if applicable.

**BULL ARM SITE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)**

**New Accounting Policies**

Effective January 1, 2008, Bull Arm adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

(a) Disclosure and Presentation of Financial Instruments

Section 3862, Financial Instruments, Disclosures and Section 3863, Financial Instruments, Presentation sets out new accounting recommendations for disclosure and presentation of financial instruments. The new recommendations require disclosure of both quantitative and qualitative information that enables users of financial statements to evaluate the nature and extent of exposure to risks from financial instruments. These new standards did not have any impact on Bull Arm financial results. The additional disclosure is included in Note 10 to these financial statements.

(b) Capital Disclosures

Section 1535, Capital Disclosures requires Bull Arm to include additional information in the notes to the financial statements about its capital and the manner in which it is managed. This additional disclosure includes quantitative and qualitative information regarding objectives, policies and processes for managing capital. The additional required disclosure is provided in Note 11.

**Distribution Payable to the Province of Newfoundland and Labrador**

The Minister of Finance is authorized to invest any surplus from operations. Each year, the surplus or deficit from operations was credited or charged to the Distribution payable to the Province of Newfoundland and Labrador account however there are no set terms of payment (see Note 7). This account contains the accumulated results of operations of the Corporation since its inception, less any distributions paid to the Province. Effective January 1, 2009, rental revenues are to be retained by Bull Arm and are reflected in retained earnings.

**2. INVESTMENTS**

Investments of \$126,747 (2008 – \$123,834) in redeemable guaranteed investment certificates are valued at cost which approximates market value. Maturity dates range from April 17, 2009, to March 8, 2010, with interest rate of 0.75% (2008 2.00% - 2.55%).

**3. RECEIVABLES**

	2009	2008
Harmonized sales tax	78,208	53,802
Trade	475,378	7,929
Interest	96	690
	<u>553,682</u>	<u>62,421</u>



**BULL ARM SITE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**4. PREPAID EXPENSES**

	2009	2008
Insurance	1,663	42,700
Grants	35,000	35,000
Maintenance	-	7,764
Salaries and employee benefits	1,216	1,196
Membership fees	-	408
	<u>37,879</u>	<u>87,068</u>

**5. INVESTMENT PROPERTY**

In March, 1998, the Corporation accepted all remaining investment property from the Hibernia Management Development Corporation. In November, 2001, the Corporation accepted investment property relating to the Terra Nova Project which remained on site following the expiration of a site lease with PCL Industrial Contractors Inc.

**6. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Capital Contributions	Accumulated Amortization	Net Book Value
<b>2009</b>				
Computer equipment	16,464	-	15,053	1,411
Vehicles	45,672	-	27,928	17,744
Office equipment	6,246	-	4,873	1,373
Topsides module hall door	1,623,179	500,000	709,131	414,048
Security building	89,027	-	8,621	80,406
	<u>1,780,588</u>	<u>500,000</u>	<u>765,606</u>	<u>514,982</u>
<b>2008</b>				
Computer equipment	16,464	-	14,449	2,015
Vehicles	45,672	-	20,323	25,349
Office equipment	6,246	-	4,530	1,716
Topsides module hall door	1,623,180	500,000	605,619	517,561
Security building	89,027	-	5,271	83,756
	<u>1,780,589</u>	<u>500,000</u>	<u>650,192</u>	<u>630,397</u>

**7. DISTRIBUTION PAYABLE TO THE PROVINCE OF NEWFOUNDLAND AND LABRADOR**

The change in the distribution payable to the Province of Newfoundland and Labrador for the year is as follows:

	2009	2008
Balance, beginning of year	1,009,415	1,063,296
Amounts paid or payable to Province	(320,297)	(32,362)
Net income	371,596	(21,519)
Allocation to retained earnings	(224,406)	-
Balance, end of year	<u>836,308</u>	<u>1,009,415</u>

**BULL ARM SITE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**8. CONTINGENT LIABILITY**

- (a) The Corporation has agreed to store used tires at the Bull Arm Site on behalf of the Multi-Materials Stewardship Board until the recycling phase of the used tire recycling program begins. The Corporation does not receive any lease or rental income for providing this storage. Based upon legal advice obtained by the Corporation, it is the legal guardian of the tires and any possible liabilities arising in relation to the storage of the tires is the responsibility of the Corporation. The Corporation has directed legal counsel to seek an indemnification from any liabilities associated with the storage of used tires at the Bull Arm Site from the Multi-Materials Stewardship Board.
- (b) Bull Arm has undertaken a Phase 1 Environmental Site Assessment of the Site. Management is reviewing the conclusions and recommendations contained in the consultant's report but has not determined whether any additional investigation, remediation or other action will be undertaken and therefore the cost of any such actions cannot be reasonably determined at this time.

**9. RELATED PARTY TRANSACTIONS**

	2009	2008
Due to the Province of Newfoundland and Labrador	316,086	-
Due to Nalcor Energy	<u>452,652</u>	<u>-</u>
	<u>768,738</u>	<u>-</u>

The Province, Nalcor, Newfoundland and Labrador Hydro (Hydro) and Bull Arm are related parties.

- (a) The Province has provided office space, office equipment and furnishings, and legal services at no cost to the Corporation. These contributions are not reflected in these financial statements. Salaries and benefits for certain employees of the Corporation are paid directly by the Province and reimbursed by the Corporation.
- (b) Nalcor and Hydro provide engineering, technical, management and administrative services. These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial Instruments**

Bull Arm has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Short-term investments	Held-to-maturity
Receivables	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities
Due to related parties	Other liabilities

Each of these financial instruments is measured at amortized cost, which approximates fair value.

**BULL ARM SITE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd.)**

**Risk Management**

Exposure to credit risk and liquidity risk arises in the normal course of Bull Arm's business.

**(a) Credit Risk**

Bull Arm is exposed to credit risk in the event of non performance by counterparties to its financial instruments. Credit risk on sales is minimized by the credit terms extended to customers. Bull Arm has no history of collection issues. Bull Arm manages its investment credit risk exposure by restricting its investments to high quality securities such as Guaranteed Investment Certificates from Schedule 1 Canadian Chartered Banks.

**(b) Liquidity Risk**

Bull Arm is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Short-term liquidity is provided through cash and cash equivalents on hand and funds from operations. Long-term liquidity risk is minimized through the provision of annual operating grants from the Province.

Bull Arm has no significant exposure to market risk.

**11. CAPITAL MANAGEMENT**

Bull Arm's objective when managing capital is to maintain its ability to continue as a going concern. The focus of the capital management policy is to provide flexibility to ensure cash continues to be available to satisfy capital requirements. Commencing in January 2009, rental revenues are retained by Bull Arm and reflected in retained earnings. The balance of surplus from operations are payable to the Province, but there are no set repayment terms.

**12. INCOME TAXES**

The Corporation is a crown entity of the Province and as such is not subject to Federal or Provincial income taxes.

**13. COMPARATIVE FIGURES**

Certain figures from the 2008 financial statements have been reclassified to conform with the basis of presentation used in 2009.



**BUSINESS INVESTMENT CORPORATION**

**FINANCIAL STATEMENTS**

**31 MARCH 2009**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

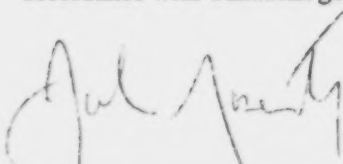
**AUDITOR'S REPORT**

To the Board of Directors  
Business Investment Corporation  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Business Investment Corporation as at 31 March 2009 and the statements of equity, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
18 June 2009

**BUSINESS INVESTMENT CORPORATION****BALANCE SHEET****31 March****2009****2008****ASSETS**

Cash (Note 2)	\$ 18,340,233	\$ 16,008,226
Loans and equity investments (Note 3)	8,705,280	8,947,471
<u>Long-term investments (Note 4)</u>	<u>9,422</u>	<u>9,422</u>
	<u>\$ 27,054,935</u>	<u>\$ 24,965,119</u>

**LIABILITIES AND EQUITY**

Borrowers' deposits	\$ 68,517	\$ 68,517
<u>Equity</u>	<u>26,986,418</u>	<u>24,896,602</u>
	<u>\$ 27,054,935</u>	<u>\$ 24,965,119</u>

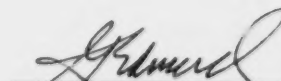
Contingent liabilities (Note 5)

Commitments (Note 6)

*See accompanying notes*

Signed on behalf of the Board:


  
Chairperson


  
Director of Portfolio Management

## STATEMENT 2

**BUSINESS INVESTMENT CORPORATION**  
**STATEMENT OF EQUITY**  
**For the Year Ended 31 March**

2009

2008

**Contributed capital (Note 7)**

<b>Balance, beginning of year</b>	<b>\$ 50,008,969</b>	<b>\$ 52,843,509</b>
Aquaculture Working Capital Fund reserve (Note 2)	10,462	9,237
Principal written off, net of recoveries (Note 3)	(1,338,309)	(2,843,777)
<b>Balance, end of year</b>	<b>48,681,122</b>	<b>50,008,969</b>

**Deficit**

<b>Balance, beginning of year</b>	<b>(25,112,367)</b>	<b>(28,961,562)</b>
Excess of revenues over expenses	2,079,354	1,005,418
Principal written off, net of recoveries (Note 3)	1,338,309	2,843,777
<b>Balance, end of year</b>	<b>(21,694,704)</b>	<b>(25,112,367)</b>
<b>Equity, end of year</b>	<b>\$ 26,986,418</b>	<b>\$ 24,896,602</b>

*See accompanying notes*



## STATEMENT 3

**BUSINESS INVESTMENT CORPORATION**  
**STATEMENT OF REVENUES AND EXPENSES**  
**For the Year Ended 31 March**

	2009	2008
<b>REVENUES</b>		
Interest on loans	\$ 743,413	\$ 513,739
Other investment income	403,612	622,465
Contributions from Province		
Small and Medium Enterprise Fund	2,000,000	-
Business Marketing and Development Program	1,000,000	1,000,000
Other Provincial contributions (Note 9)	866,271	870,557
	<u>5,013,296</u>	<u>3,006,761</u>
<b>EXPENSES</b>		
Business Marketing and Development Program	640,084	705,399
Provision for decline in value of loans receivable and equity investments (Note 3)	1,427,540	424,503
Operating expenses (Note 9)	866,271	870,557
Miscellaneous expense	47	884
	<u>2,933,942</u>	<u>2,001,343</u>
<b>Excess of revenues over expenses</b>	<b>\$ 2,079,354</b>	<b>\$ 1,005,418</b>

*See accompanying notes*

## STATEMENT 4

**BUSINESS INVESTMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March**

2009

2008

**Cash flows from operating activities**

Excess of revenues over expenses	\$ 2,079,354	\$ 1,005,418
Adjustments for non-cash items		
Provision for decline in value of loans receivable and equity investments	1,427,540	424,503
	<u>3,506,894</u>	<u>1,429,921</u>

**Cash flows from investing activities**

Increase in loans and equity investments	(4,279,261)	(3,534,040)
Collection of loans and equity investments	3,093,912	3,475,102
	<u>(1,185,349)</u>	<u>(58,938)</u>

**Cash flows from financing activities**

Aquaculture Working Capital Fund reserve	10,462	9,237
	<u>10,462</u>	<u>9,237</u>
<b>Net increase in cash</b>	<b>2,332,007</b>	<b>1,380,220</b>
<b>Cash, beginning of year</b>	<b>16,008,226</b>	<b>14,628,006</b>
<b>Cash, end of year</b>	<b>\$ 18,340,233</b>	<b>\$ 16,008,226</b>

*See accompanying notes*

# **BUSINESS INVESTMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS**

**31 March 2009**

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### **Authority**

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective 1 April 2002. Under this *Act*, the Business Investment Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Also under this *Act*, the *Fisheries Loan Act*, the *Farm Development Loan Act*, the *Economic Recovery Commission Act* and the *Enterprise Newfoundland and Labrador Corporation Act* were repealed.

### **1. Significant accounting policies**

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

#### **(a) Loans receivable**

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

#### **(b) Equity investments**

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

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**1. Significant accounting policies (cont.)**

**(c) Revenue recognition**

Contributions from the Province are recorded as revenue to the Corporation.

Interest income is accounted for on the accrual basis for all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Dividends are recorded as income when received.

**2. Aquaculture Working Capital Fund**

On 30 March 2001, Enterprise Newfoundland and Labrador Corporation, a predecessor of the Corporation, entered into an agreement with the Federal and Provincial Governments to set up the Aquaculture Working Capital Fund (AWCF). The AWCF assists individuals and companies in the shell fish industry throughout the Province through repayable loans. The AWCF is a revolving fund in which the Corporation retains the loan repayments for future aquaculture loans until the conclusion of the agreement. The agreement is scheduled to conclude on 31 March 2011, extendable for 3 years, at which time the Corporation will reimburse all monies to the Federal and Provincial governments based on the proportions of their contribution.

To date the Corporation has received funding totalling \$1.5 million based on contributions of \$1.3 million in Federal funding from the Canada/Newfoundland Strategic Regional Diversification Agreement, and \$160,000 Federal and \$40,000 Provincial funding from the Canada/Newfoundland Agreement on Economic Renewal.

As at 31 March 2009, the AWCF had 14 loans outstanding totalling \$1,013,355 (2008 - 17 loans totalling \$1,186,323). During 2003-04 the Corporation established a separate loan portfolio and bank account to administer the AWCF and assist in identifying payments that are received and held for future loans. As at 31 March 2009, the AWCF had a balance of \$534,865 (2008 - \$338,959) which is included in these financial statements as cash.

**3. Loans and equity investments**

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

**3. Loans and equity investments (cont.)**

Loans and equity investments consist of the following:

	<u>2009</u>	<u>2008</u>
<b>Loans receivable</b>		
Principal due and unpaid	\$ 16,832,613	\$ 17,436,244
Principal not yet due	14,415,234	14,307,536
Interest due and unpaid	2,747,215	2,435,448
	33,995,062	34,179,228
Less: allowance for decline in value	(25,630,182)	(26,121,540)
	8,364,880	8,057,688
<b>Equity investments</b>		
Equity investments, at cost	19,667,433	19,728,458
Less: allowance for decline in value	(19,327,033)	(18,838,675)
	340,400	889,783
<b>Loans and equity investments</b>	<b>\$ 8,705,280</b>	<b>\$ 8,947,471</b>

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	<u>2009</u>	<u>2008</u>
<b>Balance, beginning of year</b>	<b>\$ 44,960,215</b>	<b>\$ 47,794,164</b>
Principal written off, net of recoveries	(1,338,309)	(2,843,777)
Interest written off, net of recoveries	(92,231)	(414,675)
Provision for decline in value of loans receivable and equity investments	1,427,540	424,503
<b>Balance, end of year</b>	<b>\$ 44,957,215</b>	<b>\$ 44,960,215</b>

The allowance for decline in value represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

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**4. Long-term investments**

Long-term investments consist of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares is recognized at the fair market value of \$9,422 as determined by the share price at the time of the transfer of shares to the Corporation. The fair market value of these shares as at 31 March 2009 was \$15,371 (2008 - \$32,297).

**5. Contingent liabilities**

- (a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the \$900,000 to \$1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of \$1,800,000. The Province will not appeal this decision.
- (b) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of \$811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

**6. Commitments**

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of \$3,096,368 (2008 - \$3,849,300).

**7. Contributed capital**

Contributed capital represents accumulated capital contributions from the Province and the Government of Canada. These contributions are used for the purpose of making loans, equity investments, and providing business and market development grants. The Corporation depends on these capital contributions to carry out its mandate.



**BUSINESS INVESTMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

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**8. Financial instruments**

The Corporation's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, loans and equity investments, and borrowers' deposits. The carrying values of cash and borrowers' deposits approximate current fair value due to their nature and the short-term maturity or current market rate associated with these instruments.

The Corporation's loans and equity investments are recognized on the balance sheet at cost with provision being made for any decline in their value. Any estimated impairment of these loans and equity investments has been provided for through an allowance for decline in value and no further credit risk exists for these items. The carrying value of loans and equity investments approximates discounted value of expected receipts. Therefore, their carrying values approximate their current fair value and these instruments are not subject to any material interest rate risk.

**9. Related party transactions**

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development. Expenses related to salaries, accommodations and administration totaling \$866,271 (2008 - \$870,557) are paid directly by the Department and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

**10. Economic dependence**

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

**11. Income taxes**

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.





CENTRAL REGIONAL HEALTH AUTHORITY  
AUDITORS' REPORT  
FINANCIAL STATEMENTS - MARCH 31, 2009

AUDITORS' REPORT

To the Board of Trustees of the **Central Regional Health Authority**

We have audited the consolidated balance sheet of the **Central Regional Health Authority** as at March 31, 2009 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

July 17, 2009

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**CONSOLIDATED**

**Balance Sheet**

**March 31, 2009**

**2009**

**2008**

**Assets**

Current assets:

Receivables (Note 3)	\$ 19,169,137	12,548,071
Inventories (Note 4)	1,956,854	1,943,615
Prepays (Note 5)	5,004,614	4,774,569

Total current assets	26,130,605	19,266,255
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Cash restricted for security deposits	25,674	24,223
Investments restricted for general endowment purposes (Note 6)	430,161	391,801
Replacement reserve funding (Note 14)	310,828	276,230
Residents' trust funds held on deposit	751,903	679,247
Property, plant and equipment (Note 7)	55,902,486	59,332,851

	\$ 83,551,657	79,970,607
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**Liabilities**

Current liabilities:

Bank indebtedness (Note 8)	\$ 177,214	10,856,893
Payables and accruals (Note 9)	25,078,014	22,218,661
Accrued vacation pay	10,763,896	9,282,621
Deferred grants and donations (Note 10)	19,441,040	5,436,082
Current portion of obligations under capital lease	116,598	126,281
Current portion of long-term debt	1,244,314	1,186,646
Current portion of accrued severance pay - estimated	1,500,000	1,500,000

Total current liabilities	58,321,076	50,607,184
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Security deposits payable	25,674	24,223
Long-term debt (Note 11)	20,290,700	21,540,329
Obligations under capital lease (Note 12)	30,933	147,532
Trust funds payable	751,903	679,247
Accrued severance pay, less current portion	21,749,706	21,132,646
Unamortized deferred contributions related to property, plant and equipment (Note 13)	26,350,952	27,454,418
Replacement reserves (Note 14)	310,828	276,230
J M Olds scholarship and library funds	85,603	86,320
	127,917,375	121,948,129

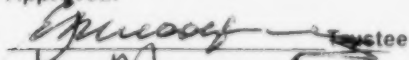
Net assets, per accompanying statement:

Net assets invested in property, plant and equipment	7,803,669	8,755,956
Net assets restricted for general endowment purposes	430,161	391,801
Unrestricted net assets (deficit)	( 52,599,548)	( 51,125,279)
	( 44,365,718)	( 41,977,522)

	\$ 83,551,657	79,970,607
--	---------------	------------

See accompanying notes

Approved:

  
 R. Manuel Trustee

**CENTRAL REGIONAL HEALTH AUTHORITY**

**CONSOLIDATED**

**Statement of Changes in Net Assets**

**Year ended March 31, 2009**

	2009				2008
	Invested in Property, Plant and Equipment	Restricted for General Endowment Purposes	Unrestricted	Total	Total
Balance (deficit), beginning:					
As previously reported	\$ 8,755,956	391,801	(51,423,376)	(42,275,619)	(39,537,846)
Prior years' adjustment to revenue for donations deferred in error	-	-	298,097	298,097	298,272
As restated	8,755,956	391,801	(51,125,279)	(41,977,522)	(39,239,574)
Deficiency of revenue over expenditure	(2,255,529)	-	( 117,667)	( 2,373,196)	( 2,737,948)
Investment in property, plant and equipment (Note 15)	1,318,242	-	( 1,318,242)	-	-
Equity in land sold	( 15,000)	-	-	( 15,000)	-
Transfers to endowment fund:					
Reinvested investment income	-	18,360	( 18,360)	-	-
Contributed from unrestricted	-	20,000	( 20,000)	-	-
Balance (deficit), ending	<u>\$ 7,803,669</u>	<u>430,161</u>	<u>(52,599,548)</u>	<u>(44,365,718)</u>	<u>(41,977,522)</u>

See accompanying notes

# CENTRAL REGIONAL HEALTH AUTHORITY

## CONSOLIDATED

### Statement of Operations

Year ended March 31, 2009

	2009	2008
Revenue:		
Provincial plan operating	\$ 238,401,315	218,814,183
MCP physicians salaries	11,281,390	10,403,171
Patient-resident services	11,940,676	11,399,880
CMHC mortgage interest subsidy (Note 11)	108,928	107,256
Redundancy and other funding	345,288	469,533
Capital project funding	1,923,874	2,614,338
Recoveries	3,754,746	2,868,172
Cottage operations	1,471,369	1,457,116
Foundations	994,982	855,893
Other revenue	2,279,212	2,231,944
	<u>272,501,780</u>	<u>251,221,486</u>
Expenditure:		
Administration	25,801,180	22,718,136
Community and social services	64,913,656	57,398,747
Support services	54,008,429	50,057,346
Nursing inpatient services - acute	36,223,467	36,869,868
- long-term care	26,625,906	23,622,121
Ambulatory care services	15,951,746	15,091,072
Diagnostic and therapeutic services	28,703,310	27,492,203
Medical services	15,251,141	14,207,669
Education services	1,408,164	1,426,792
Cottage operations, including amortization		
of \$378,429 (2008 - \$354,834)	1,467,006	1,450,096
Foundations, including amortization of \$5,151 (2008 - \$2,538)	550,692	530,494
	<u>270,904,697</u>	<u>250,864,544</u>
Surplus prior to non-shareable items	<u>1,597,083</u>	<u>356,942</u>
Non-shareable items:		
Amortization of deferred capital grants	3,557,464	3,898,563
Amortization	( 5,429,413)	( 6,122,294)
Accrued vacation pay - (increase) decrease	( 1,481,270)	( 229,649)
Accrued severance pay - (increase) decrease	( 617,060)	( 641,510)
	<u>( 3,970,279)</u>	<u>( 3,094,890)</u>
Deficiency of revenue over expenditure	<u>\$ ( 2,373,196)</u>	<u>( 2,737,948)</u>

See accompanying notes

# CENTRAL REGIONAL HEALTH AUTHORITY

## CONSOLIDATED

### Statement of Cash Flow

Year ended March 31, 2009

2009

2008

#### Cash flows:

##### Operations:

Deficiency of revenue over expenditure	<u>\$( 2,373,196)</u>	( 2,807,773)
Amortization	<u>5,812,995</u>	6,479,667
Amortization of deferred capital grants	<u>( 3,557,464)</u>	( 3,898,563)
Gain on disposal of property, plant and equipment	<u>( 23,337)</u>	-
	<u>( 141,002)</u>	( 226,669)

##### Changes in:

Receivables	<u>( 6,621,065)</u>	( 2,179,629)
Inventories	<u>( 13,239)</u>	134,724
Prepays	<u>( 230,044)</u>	( 1,046,050)
Deferred charges	-	4,586
Payables and accruals	<u>2,859,353</u>	596,668
Accrued vacation pay	<u>1,481,270</u>	228,496
Deferred grants and donations	<u>14,004,958</u>	( 293,823)
Accrued severance pay	<u>617,060</u>	641,510
	<u>11,957,291</u>	( 2,140,187)

##### Investing:

Additions to property, plant and equipment	<u>( 2,675,010)</u>	( 7,712,837)
Deposits on property, plant and equipment	-	2,188,547
Increase in general endowment fund investments	<u>( 38,360)</u>	( 102,470)
Donation received for general endowment fund	-	70,000
Proceeds on disposal of property, plant and equipment	<u>79,707</u>	-
	<u>( 2,633,663)</u>	( 5,556,760)

##### Financing:

Repayment of long-term debt	<u>( 1,191,961)</u>	( 1,291,987)
Repayment of capital leases	<u>( 126,281)</u>	( 119,183)
Net changes in J. M. Olds funds	<u>( 717)</u>	746
Grants used for the purchase of property, plant and equipment	<u>2,449,377</u>	7,223,739
Donations used for the purchase of property, plant and equipment	<u>225,633</u>	307,451
New loan proceeds	<u>-</u>	149,737
	<u>1,356,051</u>	6,270,503

Net increase (decrease) in cash **10,679,679** ( 1,426,444)

Cash, net of bank indebtedness:

Beginning	<u>(10,856,893)</u>	( 9,430,449)
Ending (Note 8)	<u>\$( 177,214)</u>	(10,856,893)

See accompanying notes

# CENTRAL REGIONAL HEALTH AUTHORITY

## OPERATING

### Balance Sheet

March 31, 2009

2009

2008

#### Assets

##### Current assets:

Receivables (Note 3)	\$ 19,097,574	12,449,229
Due from cottage operations and Foundations - net	260,172	477,903
Inventories (Note 4)	1,956,854	1,943,615
Prepays (Note 5)	4,936,447	4,706,669

Total current assets	26,251,047	19,577,416
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Residents' trust funds held on deposit

751,903	679,247
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Property, plant and equipment (Note 7)

50,296,490	53,343,276
------------	------------

\$ 77,299,440	73,599,939
---------------	------------

#### Liabilities

##### Current liabilities:

Bank indebtedness (Note 8)	\$ 979,829	11,477,151
Payables and accruals (Note 9)	25,046,459	22,177,636
Accrued vacation pay	10,763,286	9,282,016
Deferred grants and donations (Note 10)	19,441,040	5,406,082
Current portion of obligations under capital lease	116,598	126,281
Current portion of long-term debt	842,038	810,471
Current portion of accrued severance pay - estimated	1,500,000	1,500,000

Total current liabilities	58,689,250	50,779,637
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Long-term debt (Note 11)

15,276,644	16,118,842
------------	------------

Obligations under capital lease (Note 12)

30,933	147,532
--------	---------

Trust funds payable

751,903	679,247
---------	---------

Accrued severance pay, less current portion

21,749,706	21,132,646
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Unamortized deferred contributions related to property,  
plant and equipment (Note 13)

26,350,952	27,454,418
------------	------------

J.M. Olds scholarship and library funds

85,603	86,320
--------	--------

122,934,991	116,398,642
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##### Net assets, per accompanying statement:

Net assets invested in property, plant and equipment	7,612,324	8,562,361
--	-----------	-----------

Unrestricted net assets (deficit)	( 53,247,875)	( 51,361,064)
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( 45,635,551)	( 42,798,703)
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\$ 77,299,440	73,599,939
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See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**

**OPERATING**

**Statement of Changes in Net Assets**

**Year ended March 31, 2009**

	<u>2009</u>		<u>2008</u>
	<u>Invested in Property, Plant and Equipment</u>	<u>Unrestricted</u>	<u>Total</u>
Balance (deficit), beginning	\$ 8,562,361	(51,361,064)	(42,798,703)
Deficiency of revenue over expenditure	(1,871,949)	( 949,899)	( 2,821,848)
Investment in property, plant and equipment (Note 15)	936,912	( 936,912)	-
Equity in land sold	( 15,000)	-	( 15,000)
Balance (deficit), ending	<u>\$ 7,612,324</u>	<u>(53,247,875)</u>	<u>(45,635,551)</u>

See accompanying notes



# CENTRAL REGIONAL HEALTH AUTHORITY

## OPERATING

### Statement of Operations

Year ended March 31, 2009

2009

2008

#### Revenue:

Provincial plan	\$ 233,363,809	214,548,349
Primary Health Care	628,924	444,800
MCP physicians salaries	11,281,390	10,403,171
Inpatient	1,642,680	1,500,846
Outpatient	2,415,804	2,006,313
Resident revenue - long-term care	7,882,192	7,892,721
CMHC mortgage interest subsidy (Note 11)	108,928	107,256
Redundancy and other funding	345,288	469,533
Capital project funding	1,923,874	2,614,338
National Child Benefit	1,412,694	1,192,074
Early Childhood Development	733,067	767,997
Early Learning and Child Care Initiatives	2,262,822	1,860,963
Recoveries - services	2,164,289	909,639
- salaries	1,262,667	1,661,098
- ambulance	327,790	297,435
Other miscellaneous revenue	2,279,212	2,231,944
	<u>270,035,430</u>	<u>248,908,477</u>

#### Expenditure:

Administration	25,801,180	22,718,136
Primary Health Care	805,091	516,894
Community and social services	64,108,565	56,881,853
Support services	54,008,429	50,057,346
Nursing inpatient services - acute	36,223,467	36,869,868
- long-term care	26,625,906	23,622,121
Ambulatory care services	15,951,746	15,091,072
Diagnostic and therapeutic services	28,703,310	27,492,203
Medical services	15,251,141	14,207,669
Education services	1,408,164	1,426,792
	<u>268,886,999</u>	<u>248,883,954</u>

Surplus prior to non-shareable items

1,148,431      24,523

#### Non-shareable items:

Amortization of deferred capital grants	3,557,464	3,898,563
Amortization	( 5,429,413)	( 6,122,294)
Accrued vacation pay - (increase) decrease	( 1,481,270)	( 229,649)
Accrued severance pay - (increase) decrease	( 617,060)	( 641,510)
	<u>( 3,970,279)</u>	<u>( 3,094,890)</u>

Excess (deficiency) of revenue over expenditure

\$ ( 2,821,848)      ( 3,070,367)

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**OPERATING**

**Statement of Cash Flow**

**Year ended March 31, 2009**

**2009**

**2008**

Cash flows:

Operations:

Deficiency of revenue over expenditure	<u>\$( 2,821,848)</u>	( 3,070,367)
Amortization	<u>5,429,413</u>	6,122,294
Amortization of deferred capital grants	<u>( 3,557,464)</u>	( 3,898,563)
Gain on disposal of property, plant and equipment	<u>( 23,337)</u>	-
	<u>( 973,236)</u>	( 846,636)

Changes in:

Receivables	<u>( 6,648,345)</u>	( 2,108,532)
Due from cottage operations and Foundations	<u>217,731</u>	( 69,598)
Inventories	<u>( 13,239)</u>	134,724
Prepays	<u>( 229,778)</u>	( 1,044,002)
Deferred charges	-	4,586
Payables and accruals	<u>2,868,823</u>	594,111
Accrued vacation pay	<u>1,481,270</u>	229,640
Deferred grants and donations	<u>14,034,958</u>	( 323,648)
Accrued severance pay	<u>617,060</u>	641,510
	<u>11,355,244</u>	( 2,787,845)

Investing:

Additions to property, plant and equipment	<u>( 2,675,010)</u>	( 7,560,563)
Deposits on property, plant and equipment	-	2,188,547
Proceeds on disposal of property, plant and equipment	<u>79,707</u>	-
	<u>( 2,595,303)</u>	( 5,372,016)

Financing:

Repayment of long-term debt	<u>( 810,631)</u>	( 936,320)
Repayment of capital leases	<u>( 126,281)</u>	( 119,183)
Net changes in J.M. Olds funds	<u>( 717)</u>	746
Grants used for the purchase of property, plant and equipment	<u>2,449,377</u>	7,223,739
Donations used for the purchase of property, plant and equipment	<u>225,633</u>	307,451
New loan proceeds	<u>-</u>	31,338
	<u>1,737,381</u>	6,507,771

Net increase (decrease) in cash 10,497,322 ( 1,652,090)

Cash, net of bank indebtedness:

Beginning	<u>(11,477,151)</u>	( 9,825,061)
Ending (Note 8)	<u>\$( 979,829)</u>	(11,477,151)

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY****NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III****Balance Sheet****March 31, 2009****2009****2008****Assets**

## Current assets:

Cash	\$ 102,831	10,498
Receivables (Note 3)	17,236	14,993
Prepays (Note 5)	<u>37,473</u>	<u>37,252</u>

Total current assets 157,540 62,743

Cash restricted for security deposits	11,904	12,105
Replacement reserve cash	74,033	44,003
Property, plant and equipment (Note 7)	<u>2,546,536</u>	<u>2,709,272</u>
	<u>\$ 2,790,013</u>	<u>2,828,123</u>

**Liabilities**

## Current liabilities:

Payables and accruals (Note 9)	\$ 18,023	14,271
Due to Central Regional Health Authority	169,152	108,095
Current portion of long-term debt	<u>166,975</u>	<u>158,244</u>

Total current liabilities 354,150 280,610

Security deposit liability	11,904	12,105
Long-term debt (Note 11)	2,268,044	2,439,511
Replacement reserve (Note 14)	<u>74,033</u>	<u>44,003</u>
	<u>2,708,131</u>	<u>2,776,229</u>

## Net assets, per accompanying statement:

Net assets invested in property, plant and equipment	119,550	119,550
Unrestricted net assets (deficit)	( 37,668)	( 67,656)
	<u>81,882</u>	<u>51,894</u>

\$ 2,790,013 2,828,123

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III**  
**Statement of Changes in Net Assets**  
**Year ended March 31, 2009**

	<u>2009</u>			<u>2008</u>
	<u>Invested in Property, Plant and Equipment</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ 119,550	( 67,656)	51,894	16,011
Excess of revenue over expenditure	(162,736)	192,724	29,988	35,883
Repayment of long-term debt (Note 15)	<u>162,736</u>	<u>(162,736)</u>	-	-
Balance, ending	<u>\$ 119,550</u>	<u>( 37,668)</u>	<u>81,882</u>	<u>51,894</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Operations

Year ended March 31, 2009

	2009		2008
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Rentals	\$ 570,641	530,733	546,760
NLHC subsidy	187,121	204,953	193,657
Interest	500	412	936
	<u>758,262</u>	<u>736,098</u>	<u>741,353</u>
Expenditures:			
Administration	9,300	9,300	9,300
Allocation to replacement reserve	30,220	30,220	30,220
Amortization	162,736	162,736	151,522
Fire and safety	2,856	-	2,856
Heat and light	153,454	158,609	155,692
Insurance	5,400	5,731	5,283
Mortgage interest	190,328	133,868	145,226
Municipal taxes	51,000	49,933	49,361
Office	200	62	264
Professional fees	1,000	1,800	5,592
Repairs and maintenance	37,000	24,510	32,874
Salaries and benefits	89,250	77,693	79,832
Snowclearing	23,000	48,462	34,957
Telephone	2,300	2,101	2,101
Travel	218	1,085	390
	<u>758,262</u>	<u>706,110</u>	<u>705,470</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>29,988</u>	<u>35,883</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III**  
**Statement of Cash Flow**

<b>Year ended March 31, 2009</b>	<b>2009</b>	<b>2008</b>
Cash flows:		
Operations:		
Excess of revenue over expenditure	\$ 29,988	35,883
Amortization	<u>162,736</u>	<u>151,522</u>
	192,724	187,405
Changes in:		
Receivables	( 2,243)	( 3,884)
Prepays	( 221)	1,141
Payables and accruals	3,752	( 322)
Due to Central Regional Health Authority	<u>61,057</u>	<u>( 23,658)</u>
	255,069	160,682
Financing:		
Principal repayments	<u>(162,736)</u>	<u>(151,519)</u>
Net increase in cash	92,333	9,163
Cash:		
Beginning	<u>10,498</u>	<u>1,335</u>
Ending	<u>\$ 102,831</u>	<u>10,498</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**NORTH HAVEN MANOR COTTAGE UNITS PHASE IV**

**Balance Sheet**

**March 31, 2009**

**2009**

**2008**

**Assets**

Current assets:

Cash	\$ 7,268	9,584
Receivables (Note 3)	36,530	8,191
Prepays (Note 5)	<u>3,756</u>	<u>3,710</u>

Total current assets	<b>47,554</b>	21,485
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Cash restricted for security deposits	<b>1,415</b>	1,415
Due from NLHC for replacement reserve	<b>107,850</b>	108,330
Property, plant and equipment (Note 7)	<u><b>517,299</b></u>	<u>538,176</u>

	<u><b>\$ 674,118</b></u>	<u>669,406</u>
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**Liabilities**

Current liabilities:

Payables and accruals (Note 9)	\$ 3,374	7,910
Due to Central Regional Health Authority	<b>44,180</b>	13,575
Current portion of long-term debt	<u><b>21,741</b></u>	<u>25,385</u>

Total current liabilities	<b>69,295</b>	46,870
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Security deposit liability	<b>1,415</b>	1,415
Long-term debt (Note 11)	<b>480,558</b>	497,791
Replacement reserve (Note 14)	<u><b>107,850</b></u>	<u>108,330</u>

	<u><b>659,118</b></u>	<u>654,406</u>
--	-----------------------	----------------

Net assets, per accompanying statement		
Invested in property, plant and equipment	<u><b>15,000</b></u>	<u>15,000</u>

	<u><b>\$ 674,118</b></u>	<u>669,406</u>
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See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**NORTH HAVEN MANOR COTTAGE UNITS PHASE IV**  
**Statement of Changes in Net Assets**  
**Year ended March 31, 2009**

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	<u>2009</u>			<u>2008</u>
	<u>Invested in Property, Plant and Equipment</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ 15,000	-	15,000	15,000
Excess of revenue over expenditure	(20,877)	20,877	-	-
Repayment of long-term debt (Note 15)	<u>20,877</u>	<u>(20,877)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ 15,000</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>

See accompanying notes



**CENTRAL REGIONAL HEALTH AUTHORITY**  
**NORTH HAVEN MANOR COTTAGE UNITS PHASE IV**

**Statement of Operations**

**Year ended March 31, 2009**

	<u>2009</u>		<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue:			
Rentals	\$ 47,340	43,437	47,534
NLHC subsidy	36,876	42,807	37,710
Interest	-	109	140
	<u>\$ 84,216</u>	<u>86,353</u>	<u>85,384</u>
Expenditure:			
Administration	3,600	3,600	3,600
Amortization	20,877	20,877	19,906
Heat and light	16,546	15,086	15,131
Insurance	600	528	528
Mortgage interest	21,899	21,828	22,791
Municipal taxes	5,185	4,939	4,824
Office	400	-	-
Other	25	-	-
Professional fees	1,650	1,500	1,500
Repairs and maintenance	3,800	5,188	4,035
Salaries and benefits	6,720	7,557	8,467
Snowclearing	2,684	4,846	3,496
Telephone	230	229	428
Travel	-	175	678
	<u>\$ 84,216</u>	<u>86,353</u>	<u>85,384</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**NORTH HAVEN MANOR COTTAGE UNITS PHASE IV**

**Statement of Cash Flow**

<b>Year ended March 31, 2009</b>	<b>2009</b>	<b>2008</b>
Cash flows:		
Operations:		
Amortization	<b>\$ 20,877</b>	19,906
Changes in:		
Receivables	(28,339)	1,586
Prepays	( 46)	304
Payables and accruals	( 4,536)	4,309
Due to Central Regional Health Authority	<u>30,605</u>	<u>( 5,792)</u>
	<u>18,561</u>	<u>20,313</u>
Financing:		
Principal repayments	<u>(20,877)</u>	<u>(19,906)</u>
Net increase (decrease) in cash	( 2,316)	407
Cash:		
Beginning	<u>9,584</u>	<u>9,177</u>
Ending	<u>\$ 7,268</u>	<u>9,584</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
VALLEY VISTA COTTAGES**

**Balance Sheet**

**March 31, 2009**

**2009**

**2008**

**Assets**

Current assets:

Cash	\$ 27,523	115,460
Receivables (Note 3)	5,661	5,658
Prepays (Note 5)	<u>25,876</u>	<u>25,876</u>

Total current assets	59,060	146,994
----------------------	--------	---------

Cash restricted for security deposits	12,355	10,703
Replacement reserve cash	11,182	5,132
Property, plant and equipment (Note 7)	<u>1,801,304</u>	<u>1,972,583</u>

	<u>\$ 1,883,901</u>	<u>2,135,412</u>
--	---------------------	------------------

**Liabilities**

Current liabilities:

Payables and accruals (Note 9)	\$ 7,534	8,573
Due to Central Regional Health Authority	182,996	244,265
Current portion of long-term debt	<u>178,226</u>	<u>166,270</u>

Total current liabilities	368,756	419,108
---------------------------	---------	---------

Security deposit liability	12,355	10,703
Long-term debt (Note 11)	1,589,854	1,773,089
Replacement reserves (Note 14)	<u>11,182</u>	<u>5,132</u>

	<u>1,982,147</u>	<u>2,208,032</u>
--	------------------	------------------

Net assets, per accompanying statement

Net assets invested in property, plant and equipment	26,872	26,872
Unrestricted net assets (deficit)	( 125,118)	( 99,492)

	( 98,246)	( 72,620)
--	-----------	-----------

	<u>\$ 1,883,901</u>	<u>2,135,412</u>
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See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**

**VALLEY VISTA COTTAGES**

**Statement of Changes in Net Assets**

**Year ended March 31, 2009**

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		<u>2009</u>		<u>2008</u>
	<u>Invested in Property, Plant and Equipment</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance (deficit), beginning	\$ 26,872	( 99,492)	(72,620)	(43,757)
Excess (deficiency) of revenue over expenditure	(171,279)	145,653	(25,626)	(28,863)
Repayment of long-term debt (Note 15)	<u>171,279</u>	<u>(171,279)</u>	<u>-</u>	<u>-</u>
Balance (deficit), ending	<u>\$ 26,872</u>	<u>(125,118)</u>	<u>(98,246)</u>	<u>(72,620)</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
VALLEY VISTA COTTAGES**

**Statement of Operations**

**Year ended March 31, 2009**

	<u>2009</u>		<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue:			
Rental revenue	\$ 454,260	454,209	435,768
NLHC subsidy	67,659	65,123	68,609
	<u>521,919</u>	<u>519,332</u>	<u>504,377</u>
Expenditures:			
Allocation to replacement reserve	28,928	28,928	28,928
Amortization	149,500	171,279	161,239
Cable television	16,500	16,231	15,889
Heat and light	117,500	117,069	110,499
Insurance	4,367	4,367	4,367
Mortgage interest	100,000	74,903	88,500
Municipal taxes	34,500	34,345	31,914
Office	1,200	665	774
Professional fees	1,800	1,800	1,800
Repairs and maintenance	33,500	35,131	32,479
Salaries and benefits	53,050	51,069	49,174
Snowclearing	8,000	8,915	7,358
Travel	-	256	319
	<u>548,845</u>	<u>544,958</u>	<u>533,240</u>
Excess (deficiency) of revenue over expenditures	<u>\$ ( 26,926)</u>	<u>( 25,626)</u>	<u>( 28,863)</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
VALLEY VISTA COTTAGES**

**Statement of Cash Flow**

**Year ended March 31, 2009**

**2009**

**2008**

Cash flows:

Operations

Excess (deficiency) of revenue over expenditure  
Amortization

\$( 25,626)      ( 28,863)  
171,279      161,239

145,653      132,376

Changes in:

Receivables

( 3)      657

Prepays

-      ( 2,431)

Payables and accruals

( 1,039)      ( 831)

Due to Central Regional Health Authority

( 61,269)      106,508

83,342      236,279

Financing:

Principal repayments

(171,279)      (161,239)

Net increase (decrease) in cash

( 87,937)      75,040

Cash:

Beginning

115,460      40,420

Ending

\$ 27,523      115,460

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**BONNEWS LODGE APARTMENT COMPLEX**  
**Balance Sheet**

**March 31, 2009**

**2009**

**2008**

**Assets**

Current assets:

Receivables (Note 3)	\$ 7,360	-
Due from Central Regional Health Authority	-	8,971

Total current assets	7,360	8,971
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Due from NLHC for replacement reserve	117,763	118,765
Property, plant and equipment (Note 7)	596,271	619,808

	<u>\$ 721,394</u>	<u>747,544</u>
--	-------------------	----------------

**Liabilities**

Current liabilities:

Payables and accruals (Note 9)	\$ 2,624	8,971
Due to Central Regional Health Authority	4,736	-
Current portion of long-term debt	32,354	23,491

Total current liabilities	39,714	32,462
---------------------------	--------	--------

Long-term debt (Note 11)	563,917	596,317
Replacement reserve (Note 14)	117,763	118,765

	<u>721,394</u>	<u>747,544</u>
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Net assets, per accompanying statement	-	-
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	<u>\$ 721,394</u>	<u>747,544</u>
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See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
BONNEWS LODGE APARTMENT COMPLEX**

**Statement of Changes in Net Assets**

**Year ended March 31, 2009**

	<u>2009</u>			<u>2008</u>
	<u>Invested in Property, Plant and Equipment</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ -	-	-	-
Excess of revenue over expenditure	(23,537)	23,537	-	-
Repayment of long-term debt (Note 15)	<u>23,537</u>	<u>(23,537)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes



**CENTRAL REGIONAL HEALTH AUTHORITY  
BONNEWS LODGE APARTMENT COMPLEX**

**Statement of Operations**

**Year ended March 31, 2009**

	<u>2009</u>		<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue:			
Rentals	\$ 56,100	56,049	60,537
NLHC subsidy	68,205	68,976	60,947
Surcharges - utilities	3,120	3,120	3,092
- laundry	1,440	1,440	1,426
	<u>\$ 128,865</u>	<u>129,585</u>	<u>126,002</u>
Expenditure:			
Administration allowance	\$ 7,728	7,896	6,403
Amortization	23,537	23,537	22,167
Fire and safety	1,000	-	-
Heat and light	21,032	21,503	20,683
Insurance	700	699	699
Mortgage interest	33,080	31,164	34,450
Municipal taxes	7,958	7,958	7,958
Professional fees	2,400	2,400	2,400
Repairs and maintenance	26,430	23,945	21,898
Snowclearing	5,000	10,483	9,344
	<u>\$ 128,865</u>	<u>129,585</u>	<u>126,002</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
BONNEWS LODGE APARTMENT COMPLEX**

**Statement of Cash Flow**

**Year ended March 31, 2009**

**2009**

**2008**

Cash flows:		
Operations:		
Amortization	\$ 23,537	22,167
Changes in:		
Receivables	( 7,360)	544
Payables and accruals	( 6,347)	( 1,899)
Due to Central Regional Health Authority	<u>13,707</u>	<u>1,355</u>
	<u>23,537</u>	<u>22,167</u>
Financing:		
Principal repayments	<u>(23,537)</u>	<u>(22,167)</u>
Net increase in cash	-	-
Cash, net of bank indebtedness		
Beginning	<u>-</u>	<u>-</u>
Ending	<u>\$ -</u>	<u>-</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**CENTRAL NORTHEAST HEALTH FOUNDATION INC.**

**Balance Sheet**

**March 31, 2009**

**2009**

**2008**

**Assets**

Current assets:

Cash	\$ 37,871	37,211
Endowment fund contribution receivable	4,776	70,000
Due from Central Regional Health Authority	<u>308,036</u>	<u>180,709</u>

Total current assets 350,683 287,920

Investments restricted for general endowment fund (Note 6) 89,275 85,454

\$ 439,958 373,374

**Liabilities**

Current liabilities:

Deferred capital grants	\$ -	15,000
Accrued vacation pay	<u>609</u>	<u>609</u>

Total current liabilities 609 15,609

Net assets, per accompanying statement

Net assets restricted for general endowment fund	89,275	85,454
Unrestricted net assets (deficit)	<u>350,074</u>	<u>272,311</u>

439,349 357,765

\$ 439,958 373,374

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**CENTRAL NORTHEAST HEALTH FOUNDATION INC.**

**Statement of Changes in Net Assets**

**Year ended March 31, 2009**

	<u>2009</u>			<u>2008</u>
	<u>Restricted for General Endowment Fund</u>	<u>Unrestricted Operating</u>	<u>Total</u>	<u>Total</u>
Balance (deficit), beginning:				
As previously reported	\$ 85,454	( 25,786)	59,668	( 10,610)
Prior years' adjustment to revenue for donations, deferred in error	<u>-</u>	<u>298,097</u>	<u>298,097</u>	<u>298,272</u>
As restated	85,454	272,311	357,765	287,662
Excess (deficiency) of revenue over expenditure	-	81,584	81,584	70,103
Transfers to endowment fund:				
Reinvested investment income	<u>3,821</u>	<u>( 3,821)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ 89,275</u>	<u>350,074</u>	<u>439,349</u>	<u>357,765</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
CENTRAL NORTHEAST HEALTH FOUNDATION**

**Statement of Operations**

**Year ended March 31, 2009**

	<b>2009</b>	<b>2008</b>
Revenue:		
Donations	<b>\$ 317,575</b>	353,665
Staff lottery	<b>37,410</b>	33,743
Endowment fund investment income	<b>3,820</b>	454
Grants	<b>40,000</b>	-
Other	<b>10,439</b>	14,291
	<b><u>409,244</u></b>	<b><u>402,153</u></b>
Expenditure:		
Capital equipment donations:		
Cadwell wave EMC	<b>41,015</b>	-
Fluid warmer	<b>19,170</b>	-
Stretcher chairs	<b>17,278</b>	-
Air shield isolette	<b>16,885</b>	-
Bowell screening campaign	<b>8,420</b>	-
Warming cabinet	<b>8,125</b>	-
Laser vectra	<b>6,141</b>	-
Criticare monitors	<b>6,079</b>	-
Library shelving	<b>5,865</b>	-
Passive motion machine	<b>5,645</b>	-
Neuroprobe 670	<b>5,487</b>	-
Glidescope	<b>5,283</b>	-
Broda chairs	<b>2,498</b>	6,300
Auto Kerato	-	16,098
Audio Scan	-	15,699
Versacare bed	-	13,900
Grayside monitors	-	13,301
Slit lamp	-	12,537
Workstations	-	10,975
Sleep study	-	9,818
Comfort & night chairs	-	9,418
Transport stretchers	-	9,294
Benchtop centrifuge	-	8,000
Pumps	-	6,400
Prizm pump	-	5,964
Other	<b>53,105</b>	81,492
	<b>200,996</b>	219,196
Minor equipment purchases	<b>631</b>	901
Salaries and benefits	<b>74,860</b>	68,611
Office	<b>6,673</b>	3,555
Travel	<b>1,036</b>	1,556
Other supplies and expenses	<b>43,464</b>	38,231
	<b><u>327,660</u></b>	<b><u>332,050</u></b>
Excess of revenue over expenditure	<b><u>\$ 81,584</u></b>	<b><u>70,103</u></b>

**See accompanying notes**

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**CENTRAL NORTHEAST HEALTH FOUNDATION INC.**

**Statement of Cash Flow**

**Year ended March 31, 2009**

**2009**

**2008**

Cash flows:		
Operations:		
Excess of revenue over expenditure	\$ 81,583	70,103
Changes in:		
Endowment fund contribution receivable	65,224	(70,000)
Due from Central Regional Health Authority	(127,327)	71,491
Deferred capital grants	( 15,000)	15,000
Accrued vacation pay	-	( 1,140)
	<u>4,480</u>	<u>85,454</u>
Investing:		
Increase in general endowment fund investments	( 3,820)	(85,454)
Net increase in cash	660	-
Cash:		
Beginning	<u>37,211</u>	<u>37,211</u>
Ending	<u>\$ 37,871</u>	<u>37,211</u>

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY  
SOUTH AND CENTRAL HEALTH FOUNDATION**

**Balance Sheet**

**March 31, 2009**

**2009**

**2008**

**Assets**

Current assets:

Cash

**\$ 627,122** 447,505

Prepays (Note 5)

1,062 1,062

Total current assets

**628,184** 448,567

Investments restricted for general endowment fund (Note 6)

**340,886** 306,347

Property, plant and equipment (Note 7)

144,586 149,737

**\$ 1,113,656** 904,651

**Liabilities**

Current liabilities:

Due to Central Regional Health Authority:

Operating

**\$ 20,256** 20,234

Capital

**146,888** 281,410

Payables and accruals (Note 9)

- 1,300

Deferred capital grants

- 15,000

Current portion of long-term debt

2,981 2,786

Total current liabilities

**170,125** 320,730

Long-term debt ( Note 11)

111,682 114,779

281,807 435,509

Net assets, per accompanying statement:

Net assets invested in property, plant and equipment

**29,923** 32,173

Net assets restricted for general endowment fund

**340,886** 306,347

Unrestricted net assets

461,040 130,622

831,849 469,142

**\$ 1,113,656** 904,651

See accompanying notes

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**SOUTH AND CENTRAL HEALTH FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year ended March 31, 2009**

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	<u>2009</u>				<u>2008</u>
	<u>Invested in Property Plant and Equipment</u>	<u>Restricted for General Endowment Fund</u>	<u>Unrestricted Operating</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ 32,173	306,347	130,622	469,142	213,846
Excess of revenue over expenditure	( 5,151)	-	367,858	362,707	255,296
Repayment of long-term debt (Note 15)	2,901	-	( 2,901)	-	-
Transfers to endowment fund:					
Reinvested investment income	-	14,539	( 14,539)	-	-
Contribution	<u>-</u>	<u>20,000</u>	<u>( 20,000)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ 29,923</u>	<u>340,886</u>	<u>461,040</u>	<u>831,849</u>	<u>469,142</u>

See accompanying notes



**CENTRAL REGIONAL HEALTH AUTHORITY  
SOUTH AND CENTRAL HEALTH FOUNDATION**

**Statement of Operations**

**Year ended March 31, 2009**

**2009**

**2008**

**Revenue:**

Donations	<b>\$ 456,763</b>	342,399
Staff lottery	<b>68,218</b>	72,050
Grants	<b>15,000</b>	-
Endowment fund investment income	<b>14,539</b>	17,016
Rental income	<b>16,900</b>	5,200
Interest	<b>14,318</b>	17,075
	<b><u>585,738</u></b>	<u>453,740</u>

**Expenditure:**

**Capital equipment and other donations:**

Portable ultrasound	<b>51,704</b>	-
Dental xray	<b>12,887</b>	-
Glidescope	<b>10,722</b>	-
Treadmill	<b>5,649</b>	-
Dynacast splint system	<b>4,553</b>	-
Ice maker	<b>4,408</b>	-
Vital signs monitors	<b>3,359</b>	5,623
Ventilator	-	23,349
Vital signs transport monitor	-	15,380
Stryker stretchers	-	9,293
Furniture	-	7,404
Telescope and light	-	6,022
Beam seating	-	5,066
Other	<b>30,128</b>	28,094

**123,410** 100,231

Rental expenses, including amortization of \$5,151 (2008 - \$2,538)	<b>13,989</b>	5,392
Flight of life project	-	8,012
Salaries and benefits - net	<b>81,433</b>	82,791
Other supplies and expenses	<b>4,199</b>	2,018

**223,031** 198,444

**Excess of revenue over expenditure** **\$ 362,707** 255,296

**See accompanying notes**

**CENTRAL REGIONAL HEALTH AUTHORITY  
SOUTH AND CENTRAL HEALTH FOUNDATION**

**Statement of Cash Flow**

**Year ended March 31, 2009**

**2009**

**2008**

**Cash Flows:**

**Operations:**

Excess of revenue over expenditure

**\$ 362,707**

255,296

Amortization

**5,151**

2,538

**367,858**

257,834

**Changes in:**

Prepays

-

( 1,062)

Payables and accruals

**( 1,300)**

1,300

Deferred capital grant

**( 15,000)**

15,000

Due to Central Regional Health Authority

**(134,501)**

( 80,309)

**217,057**

192,763

**Investing:**

Purchase of property, plant and equipment

-

(152,275)

Increase in general endowment fund investments

**( 34,539)**

( 17,016)

**( 34,539)**

(169,291)

**Financing:**

Mortgage proceeds

-

118,399

Repayment of long term debt

**( 2,901)**

( 835)

**( 2,901)**

117,564

**Net increase in cash**

**179,617**

141,036

**Cash:**

Beginning

**447,505**

306,469

Ending

**\$ 627,122**

447,505

**See accompanying notes**

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

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### 1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central Regional Health Authority.

#### *Facilities*

A. M. Guy Memorial Health Centre  
Baie Verte Peninsula Health Centre  
Bonnews Lodge Apartment Complex  
Brookfield Bonnews Health Care Centre  
Carmelite House Senior Citizens Home  
Central Newfoundland Regional Health Centre  
Central Northeast Health Foundation Inc.  
Connaigre Peninsula Community Health Centre  
Dr. Hugh Twomey Health Care Centre  
Fogo Island Health Care

Green Bay Community Health Centre  
James Paton Memorial Regional Health Centre  
Lakeside Homes  
North Haven Manor Senior Citizens Home  
North Haven Manor Cottages  
Notre Dame Bay Memorial Health Care  
South and Central Health Foundation  
Valley Vista Senior Citizens Home  
Valley Vista Cottages

#### *Clinics*

Carmanville  
Centreville  
Eastport  
Gambo  
Gander Bay  
Glovertown  
Hare Bay  
Hermitage

LaScie  
Lewisporte  
Mose Ambrose  
Musgrave Harbour  
New World Island  
St. Alban's  
St. Brendan's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined, are added together to form the combined value of assets, liabilities and net assets of the Authority.

### 2. Summary of significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

#### *Investments*

Investments restricted for general endowment fund are recorded at cost.

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

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### 2. Summary of significant accounting policies (continued):

#### *Inventories*

Inventories are valued determined on the first in first out basis, as follows:

General stores, at average cost  
Drugs, at cost

#### *Property, plant and equipment*

The Authority has control over certain lands, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Property, plant and equipment are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	5%
Buildings and service equipment	5%
Information systems equipment	33.3%
Equipment	12.5%
Motor vehicles	20.0%

In addition, the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, Bonnews Lodge Apartment Complex buildings and equipment are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

#### *Replacement reserves*

Newfoundland and Labrador Housing Corporation (NLHC) requires that Not-for-Profit Housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of property, plant and equipment. These funds may only be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

Transactions in the reserves are shown in Note 14.

#### *Revenue recognition*

Central Regional Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 3. Receivables:

	<u>2009</u>	<u>2008</u>
Operating:		
Provincial plan grants - operating	\$ -	2,792,815
Capital grants	2,423,170	1,402,588
Patient, capital donations, rents and other	3,983,707	3,897,599
MCP	12,014,926	3,138,913
Cancer Foundation	521,635	666,922
HST	776,872	1,173,953
	<u>19,720,310</u>	<u>13,072,790</u>
Allowance for doubtful	<u>622,736</u>	<u>623,561</u>
	<u>19,097,574</u>	<u>12,449,229</u>
North Haven Manor Cottage Units Phase I,II,III:		
Trade	7,368	5,125
Due from NLHC - operating subsidy	<u>9,868</u>	<u>9,868</u>
	<u>17,236</u>	<u>14,993</u>
North Haven Manor Cottage Units Phase IV:		
Trade, less allowance for doubtful of \$781 (2007 - \$781)	1,839	1,910
Due from NLHC - operating subsidy	<u>3,203</u>	<u>-</u>
- replacement reserve	<u>31,488</u>	<u>6,281</u>
	<u>36,530</u>	<u>8,191</u>
Valley Vista Cottages:		
Trade	277	20
Due from NLHC - operating subsidy	<u>5,384</u>	<u>5,638</u>
	<u>5,661</u>	<u>5,658</u>
Bonnews lodge Apartment Complex:		
Due from NLHC - operating subsidy	-	-
- replacement reserve	<u>7,360</u>	<u>-</u>
	<u>7,360</u>	<u>-</u>
Central Northeast Health Foundation:		
Endowment fund contribution receivable	<u>4,776</u>	<u>70,000</u>
	<u>\$ 19,169,137</u>	<u>12,548,071</u>

### 4. Inventories:

	<u>2009</u>	<u>2008</u>
General stores	\$ 747,294	812,794
Drugs	<u>1,209,560</u>	<u>1,130,821</u>
	<u>\$ 1,956,854</u>	<u>1,943,615</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 5. Prepaids:

	<u>2009</u>	<u>2008</u>
Operating		
Equipment maintenance	\$ 738,276	894,810
Malpractice and membership fees	97,425	103,513
General insurance	167,526	181,117
Workplace Health, Safety and Compensation Commission	2,956,107	2,819,626
Municipal taxes	390,464	387,231
Other	586,649	320,372
	<u>4,936,447</u>	<u>4,706,669</u>
Municipal taxes:		
North Haven Manor Cottage Units Phase I,II,III	37,473	37,252
North Haven Manor Cottage Units Phase IV	3,756	3,710
Valley Vista Cottages	25,876	25,876
South and Central Health Foundation	1,062	1,062
	<u>\$ 5,004,614</u>	<u>4,774,569</u>

### 6. Investments restricted for general endowment purposes:

The Central Northeast Health Foundation Inc. and the South and Central Health Foundation maintain a joint investment restricted for general endowment purposes, with their proportionate cost as follows:

	<u>2009</u>	<u>2008</u>
Central Northeast Health Foundation Inc.	\$ 89,275	85,454
South and Central Health Foundation	340,886	306,347
	<u>\$ 430,161</u>	<u>391,801</u>

The quoted market value of these investments at March 31, 2009 was:

	<u>2009</u>	<u>2008</u>
Central Northeast Health Foundation Inc.	\$ 87,161	89,855
South and Central Health Foundation	312,467	322,124
	<u>\$ 399,628</u>	<u>411,979</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 7. Property, plant and equipment:

	2009		2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating				
Land	\$ 211,521	-	211,521	211,521
Land improvements	1,031,546	649,220	382,326	417,449
Buildings and service equipment	65,540,176	39,714,998	25,825,178	27,230,758
Equipment	87,182,164	64,206,120	22,976,044	24,531,796
Equipment under capital lease	2,469,604	2,051,523	418,081	502,799
Motor vehicles	2,089,033	1,657,813	431,220	383,801
Motor vehicles under capital lease	196,503	144,383	52,120	65,151
	<u>158,720,547</u>	<u>108,424,057</u>	<u>50,296,490</u>	<u>53,343,275</u>
North Haven Manor Cottage Units Phase I, II, III				
Land	16,900	-	16,900	16,900
Land improvements	180,500	66,490	114,010	121,345
Buildings	3,702,091	1,363,727	2,338,364	2,488,795
Equipment	122,320	45,059	77,261	82,232
	<u>4,021,811</u>	<u>1,475,276</u>	<u>2,546,535</u>	<u>2,709,272</u>
North Haven Manor Cottage Units, Phase IV				
Land	24,571	-	24,571	24,571
Buildings	687,616	194,888	492,728	513,605
	<u>712,187</u>	<u>194,888</u>	<u>517,299</u>	<u>538,176</u>
Valley Vista Cottages				
Land	27,014	-	27,014	27,014
Buildings	3,588,770	1,822,248	1,766,522	1,936,100
Equipment	33,263	25,494	7,769	9,469
	<u>3,649,047</u>	<u>1,847,742</u>	<u>1,801,305</u>	<u>1,972,583</u>
Bonnews Lodge Apartment Complex				
Land	774	-	774	774
Buildings	870,022	278,741	591,281	614,651
Equipment	6,204	1,988	4,216	4,383
	<u>877,000</u>	<u>280,729</u>	<u>596,271</u>	<u>619,808</u>
South and Central Health Foundation				
Land	33,134	-	33,134	33,134
Building	119,141	7,689	111,452	116,603
	<u>152,275</u>	<u>7,689</u>	<u>144,586</u>	<u>149,737</u>
	<u>\$ 168,132,867</u>	<u>112,230,381</u>	<u>55,902,486</u>	<u>59,332,851</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 8. Bank indebtedness:

	<u>2009</u>	<u>2008</u>
Operating:		
Cash	\$ 16,895	17,820
Due to bank on current account	<u>(996,724)</u>	<u>(11,494,971)</u>
	<u>(979,829)</u>	<u>(11,477,151)</u>
Cash and bank other:		
North Haven Manor Cottage Units Phase I,II,III	102,831	10,498
North Haven Manor Cottage Units Phase IV	7,268	9,584
Valley Vista Cottages	27,523	115,460
Central Northeast Health Foundation	37,871	37,211
South & Central Health Foundation	<u>627,122</u>	<u>447,505</u>
	<u>\$(177,214)</u>	<u>(10,856,893)</u>

The Authority has access to a \$15 million line of credit in the form of revolving demand loans at its bankers. These loans have been approved by the Minister of Health and Community Services.

### 9. Payables and accruals:

	<u>2009</u>	<u>2008</u>
Operating:		
Trade	\$ 16,337,646	15,443,809
Residents comfort fund	56,460	54,015
Accrued - wages	8,494,659	6,494,859
- interest	74,934	124,753
- other	82,760	60,200
	<u>25,046,459</u>	<u>22,177,636</u>
North Haven Manor Cottage Units Phase I,II,III:		
Trade	5,478	1,036
Accrued interest	12,545	13,235
	<u>18,023</u>	<u>14,271</u>
North Haven Manor Cottage Units Phase IV:		
Trade	1,535	1,613
Accrued interest	1,839	1,910
Due to NLHC - operating subsidy	-	4,387
	<u>3,374</u>	<u>7,910</u>
Valley Vista Cottages:		
Trade	1,500	1,500
Accrued interest	6,034	7,073
	<u>7,534</u>	<u>8,573</u>
Bonnews Lodge Apartment Complex:		
Trade	1,540	-
Accrued interest	1,084	3,000
Due to NLHC - operating subsidy	-	5,971
	<u>2,624</u>	<u>8,971</u>
South and Central Health Foundation - deferred revenue	-	1,300
	<u>\$ 25,078,014</u>	<u>22,218,661</u>



# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 10. Deferred grants and donations:

	<u>2009</u>	<u>2008</u>
Operating:		
Deferred operating grants	\$ 6,542,340	2,982,043
Deferred capital grants	<u>12,898,700</u>	<u>2,424,039</u>
	<u>19,441,040</u>	<u>5,406,082</u>
Central Northeast Health Foundation Inc.:		
Deferred capital grants	-	15,000
South and Central Health Foundation		
Deferred capital grants	<u>-</u>	<u>15,000</u>
	<u>-</u>	<u>30,000</u>
	<u>\$ 19,441,040</u>	<u>5,436,082</u>

### 11. Long-term debt:

	<u>2009</u>	<u>2008</u>
Operating:		
4 59% CMHC 1 <sup>st</sup> mortgage on Bonnews Lodge repayable in equal monthly installments of \$10,248, interest included; maturing August, 2011	\$ 243,936	353,113
3 71% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$12,847, interest included; maturing April, 2020, renewable October, 2010	1,401,303	1,501,951
7 5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$4,574, interest included; maturing July, 2023	484,893	503,296
Prime plus 1% Bank of Nova Scotia deferred demand loan; repayable in equal monthly installments of \$3,056, plus interest; maturing November, 2018	357,473	394,145
5 15% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly installments of \$64,153, interest included; maturing March, 2027	9,071,478	9,365,858
7 25% Canadian Imperial Bank of Commerce mortgage on Botwood housing; repayable in equal monthly installments of \$510, interest included; maturing July, 2028, renewable July, 2010	<u>62,174</u>	<u>63,807</u>
	<u>11,621,257</u>	<u>12,182,170</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 11. Long-term debt (continued):

	<u>2009</u>	<u>2008</u>
Operating balance forward:	<u>\$ 11,621,257</u>	<u>12,182,170</u>
7 25% Canadian Imperial Bank of Commerce mortgage on Botwood housing, repayable in equal monthly installments of \$462, interest included, maturing July, 2027, renewable July, 2010	56,283	57,737
3 99% Canadian Imperial Bank of Commerce mortgage on Hospital renovations, repayable in equal monthly installments of \$8,095, interest included, maturing February, 2014	433,474	511,636
8 0% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor; repayable in equal monthly installments of \$8,298, interest included, maturing February, 2026	939,402	964,695
8.0% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista, repayable in equal monthly installments of \$10,124, interest included, maturing August, 2027	1,180,689	1,208,254
7 875% Newfoundland and Labrador Housing Corporation mortgage on Authority offices, repayable in equal monthly installments of \$8,165, interest included, maturing August, 2024	883,117	911,493
4 33% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Senior Citizens Home, repayable in equal monthly installments of \$8,553, interest included, maturing July, 2019, renewable September, 2009	854,458	918,981
General Motors Acceptance Corporation; repayable in equal monthly installments of \$1,054, interest free, matured October, 2008	-	7,379
8 35%, Toyota Financial Services, loan repayable in equal monthly instalments of \$987, interest included, maturing June 2010	14,013	24,220
	<u>15,982,693</u>	<u>16,786,565</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 11. Long-term debt (continued):

	<u>2009</u>	<u>2008</u>
Operating balance forward:	<u>\$ 15,982,693</u>	<u>16,786,565</u>
6 15% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 1 Newman's Hill, Twillingate, repayable in equal monthly installments of \$417, interest included, maturing November, 2024, renewable May, 2010	57,808	59,888
6 15% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 42 Howlett's Road, Twillingate, repayable in equal monthly installments of \$392, interest included, maturing June, 2020, renewable May, 2010	38,307	40,553
5 6% Bank of Nova Scotia 1 <sup>st</sup> mortgage on land and building at 30 Smith's Lane, Twillingate, repayable in equal monthly installments of \$395, interest included, maturing July, 2020, renewable June, 2011	39,874	42,307
	<u>16,118,682</u>	<u>16,929,313</u>
Less current portion	<u>842,038</u>	<u>810,471</u>
	<u>15,276,644</u>	<u>16,118,842</u>
North Haven Manor Cottage Units Phase I,II,III:		
9 5% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages, repayable in equal monthly installments of \$7,925, interest included, maturing June, 2029	866,251	880,105
4 5% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages, repayable in equal monthly installments of \$11,699, interest included, maturing January, 2016, renewable February, 2012	684,577	756,930
4 16% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages, repayable in equal monthly installments of \$9,292, interest included, maturing November, 2018, renewable December, 2011	884,191	960,720
	<u>2,435,019</u>	<u>2,597,755</u>
Less current portion	<u>166,975</u>	<u>158,244</u>
	<u>2,268,044</u>	<u>2,439,511</u>
North Haven Manor Cottage Units Phase IV:		
4 31% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages, repayable in equal monthly installments of \$3,565, interest included, maturing July, 2025, renewable April, 2012	502,299	523,176
Less current portion	<u>21,741</u>	<u>25,385</u>
	<u>480,558</u>	<u>497,791</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 11. Long-term debt (continued):

	<u>2009</u>	<u>2008</u>
Valley Vista Cottages:		
4 59% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages, repayable in equal monthly installments of \$5,138, interest included, maturing June, 2016, renewable August, 2011	\$ 380,179	423,506
4 28% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages, repayable in equal monthly installments of \$10,416 interest included, maturing December, 2017, renewable December, 2012	912,103	996,510
4 24% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages, repayable in equal monthly installments of \$5,238, interest included, maturing May, 2018, renewable June, 2013	<u>475,799</u>	<u>519,343</u>
	<u>1,768,081</u>	<u>1,939,359</u>
Less current portion	<u>178,226</u>	<u>166,270</u>
	<u>1,589,855</u>	<u>1,773,089</u>
Bonnews Lodge Apartment Complex:		
5 5% Newfoundland and Labrador Housing Corporation 1 <sup>st</sup> mortgage on Bonnews Apartment Complex, repayable in equal monthly installments of \$4,718, interest included, maturing November, 2024, renewable April, 2009	596,271	619,808
Less current portion	<u>32,354</u>	<u>23,491</u>
	<u>563,917</u>	<u>596,317</u>
South and Central Health Foundation:		
6 5% Newfoundland and Labrador Credit Union mortgage on therapeutic residence, repayable in bi-weekly installments of \$397, interest included, maturing in November 2032, renewable November 2012	114,663	117,565
Less current portion	<u>2,981</u>	<u>2,786</u>
	<u>111,682</u>	<u>114,779</u>
	<u>\$ 20,290,700</u>	<u>21,540,329</u>

## CENTRAL REGIONAL HEALTH AUTHORITY

### Notes to the Financial Statements

March 31, 2009

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#### 11. Long-term debt (continued):

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2010	\$ 1,244,315
2011	1,299,550
2012	1,244,230
2013	1,294,170
2014	1,348,450

#### *Interest subsidy:*

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2009 was \$108,928 (2008 - \$107,256) for operating facilities and \$381,859 (2008 - \$360,833) for the Authority's Cottage operations.

#### 12. Obligations under capital lease:

The Authority has entered into a number of agreements whereby it leases certain equipment for a term of five years. These leases are accounted for as capital leases with the Authority treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 5.37% to 7.534%.

The following is a schedule of future minimum lease payments under the capital leases:

Year ending March 31

2010	\$ 134,371
2011	24,459
2012	<u>8,154</u>
Total minimum lease payments	166,984
Less amount representing interest	<u>19,453</u>
Balance of obligation	147,531
Less current portion	<u>116,598</u>
	<u>\$ 30,933</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

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13. Unamortized deferred contribution related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning	\$ 27,454,418	23,821,781
Less:		
Disposals	( 221,012)	-
Add:		
Capital equipment grants	2,449,377	7,223,739
Donated equipment	<u>225,633</u>	<u>307,451</u>
	29,908,416	31,352,971
Deduct:		
Amortization	<u>3,557,464</u>	<u>3,898,553</u>
Balance, ending	<u>\$ 26,350,952</u>	<u>27,454,418</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 14. Replacement reserves:

	<u>2009</u>	<u>2008</u>
North Haven Manor Cottage Units Phase I,II,III		
Balance, beginning	\$ 44,003	13,770
Add:		
Allocation for year	30,220	30,220
Contributions from Authority	<u>12,900</u>	<u>12,900</u>
	87,123	56,890
Less:		
Approved expenditures	<u>13,090</u>	<u>12,887</u>
Balance, ending	<u>74,033</u>	<u>44,003</u>
North Haven Manor Cottage Units Phase IV		
Balance, beginning	108,330	108,330
Less:		
Approved expenditures	<u>480</u>	<u>-</u>
Balance, ending	<u>107,850</u>	<u>108,330</u>
Valley Vista Cottages		
Balance, beginning	5,132	17,851
Add:		
Allocation for year	28,928	28,928
Interest income	<u>5</u>	<u>17</u>
	34,065	46,796
Less:		
Approved expenditures	<u>22,883</u>	<u>41,664</u>
Balance, ending	<u>11,182</u>	<u>5,132</u>
Bonnews Lodge Apartment Complex		
Balance, beginning	118,765	126,933
Less:		
Approved expenditures	<u>1,002</u>	<u>8,168</u>
Balance, ending	<u>117,763</u>	<u>118,765</u>
	<u>\$ 310,828</u>	<u>276,230</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

### 14. Replacement reserves (continued):

	2009	2008
Funding		
Replacement reserve funds	\$ 85,215	49,135
Due from Newfoundland and Labrador Housing Corporation	<u>225,613</u>	<u>227,095</u>
	<u>\$ 310,828</u>	<u>276,230</u>

### 15. Investment in property, plant and equipment:

	2009	2008
Operating		
Repayment of long-term debt	\$ 810,631	936,330
Repayment of capital leases	<u>126,281</u>	<u>119,183</u>
	936,912	1,055,513
Cottages and Foundations repayment of long-term debt		
North Haven Manor Cottage Units Phase I, II, III	162,736	151,519
North Haven Manor Cottage Units Phase IV	20,877	19,906
Valley Vista Cottages	171,279	161,239
Bonnews Lodge Apartment Complex	23,537	22,167
South and Central Health Foundation	<u>2,901</u>	<u>835</u>
	<u>\$ 1,318,242</u>	<u>1,411,179</u>

### 16. Commitments:

#### Operating leases

The Authority has a number of agreements whereby it leases property and equipment in addition to those disclosed under Note 12. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2010	\$ 706,369
2011	635,268
2012	497,345
2013	229,588
2014	18,217



## **CENTRAL REGIONAL HEALTH AUTHORITY**

### **Notes to the Financial Statements**

**March 31, 2009**

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#### **16. Commitments (continued):**

##### *Energy performance contract*

The Authority entered into Energy Performance Contracts during 2001 and 2000 with Enerplan Consultants Ltd. for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contracts were crystallized at \$4,450,214 and \$1,247,329 and are being repaid from operating and energy savings over a ten year period having commenced in August, 2002 and January, 2000, respectively.

These contracts were financed through the Canadian Imperial Bank of Commerce for Central West and Associates Capital Limited.

As support for this financing, Enerplan Consultants Ltd., has assigned to the financiers any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority, the guaranteed energy savings component of Enerplan Consultants Ltd. is an offset to the obligations of the Authority to the Canadian Imperial Bank of Commerce and Associates Capital Limited and as a consequence neither the capital expenditures or the financing obligations are reflected in these financial statements of the Authority at March 31, 2009.

#### **17. Contingency**

As of March 31, 2009 there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management and the insurers believe any claims, if successful, will be covered by liability insurance.

#### **18. Financial instruments:**

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to relatively short periods to maturity of these instruments.

**CENTRAL REGIONAL HEALTH AUTHORITY**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
FINANCIAL STATEMENTS - MARCH 31, 2009

**AUDITORS' COMMENTS ON  
SUPPLEMENTARY FINANCIAL INFORMATION**

To the Board of Trustees of the **Central Regional Health Authority**

The audited consolidated financial statements of the Authority and our report thereon are presented in the preceding section of this annual report. The financial information presented hereafter was derived from the accounting records tested by us as a part of the auditing procedures followed in our examination of the overall consolidated financial statements, and, in our opinion, it is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland

July 17, 2009

# **CENTRAL REGIONAL HEALTH AUTHORITY**

## **Expenditure - Operating/Shareable**

**Year ended March 31, 2009**

**2009**

**2008**

<b>Administration:</b>		
General Administration	\$ 10,595,488	9,860,318
Finance	3,269,099	2,584,832
Personnel Services	2,814,090	2,098,316
Systems Support	3,682,151	2,944,002
Other	<u>5,440,352</u>	<u>5,230,668</u>
	<u>25,801,180</u>	<u>22,718,136</u>
<b>Support Services:</b>		
Housekeeping	8,392,216	7,398,089
Laundry and Linen	2,268,804	2,145,419
Plant Services	18,507,604	17,345,956
Patient Food Services	11,322,344	10,475,258
Other	<u>13,517,461</u>	<u>12,692,624</u>
	<u>54,008,429</u>	<u>50,057,346</u>
<b>Nursing Inpatient Services:</b>		
Acute Care	36,223,467	36,869,868
Long-term Care	<u>26,625,906</u>	<u>23,622,121</u>
	<u>62,849,373</u>	<u>60,491,989</u>
<b>Ambulatory Care Services:</b>		
District Medical Clinics	3,132,612	3,181,883
Institution Based	<u>12,819,134</u>	<u>11,909,189</u>
	<u>15,951,746</u>	<u>15,091,072</u>
<b>Diagnostic and Therapeutic Services:</b>		
Clinical Laboratory	9,748,148	9,018,949
Diagnostic Imaging	7,088,487	6,557,952
Other	<u>11,866,675</u>	<u>11,915,302</u>
	<u>28,703,310</u>	<u>27,492,203</u>
<b>Medical Services</b>	<u>15,251,141</u>	<u>14,207,669</u>
<b>Education</b>	<u>1,408,164</u>	<u>1,426,792</u>
<b>Community and Social Services:</b>		
Mental Health and Addictions	3,143,323	2,210,054
Community Support	40,543,983	36,061,194
Health Promotion and Protection	5,287,457	4,970,150
Family Support	13,537,702	12,010,111
Community Corrections	<u>1,596,100</u>	<u>1,630,344</u>
	<u>64,108,565</u>	<u>56,881,853</u>
<b>Primary Health Care</b>	<u>805,091</u>	<u>516,894</u>
	<u>\$ 268,886,999</u>	<u>248,883,954</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## OPERATING

### Revenue and Expenditure for Government Reporting

Year ended March 31, 2009

	2009	2008
<b>Revenue:</b>		
Provincial plan	\$ 233,363,809	214,548,349
Primary Health Care	628,924	444,800
MCP physicians salaries	11,281,390	10,403,171
Inpatient	1,642,680	1,500,846
Outpatient	2,415,804	2,006,313
Resident revenue - long-term care	7,882,192	7,892,721
Mortgage interest subsidy	107,256	107,256
Redundancy and other funding	345,288	469,533
Capital project funding	1,923,874	2,614,338
National Child Benefit	1,412,694	1,192,074
Early Childhood Development	733,067	767,997
Early Learning and Child Care Initiatives	2,262,822	1,860,963
CCRA Childrens' Special Federal allowance	241,028	230,962
Recoveries - services	2,164,289	909,639
- salaries	1,262,667	1,661,098
- ambulance	327,790	297,435
Other miscellaneous revenue	2,039,856	2,000,982
	<u>270,035,430</u>	<u>248,908,477</u>
<b>Expenditure:</b>		
Salaries	140,983,421	132,047,081
Employee benefits	25,900,826	23,029,605
Supplies - regular	50,309,228	46,592,108
- drugs	4,733,413	4,777,618
- medical and surgical	6,832,689	6,258,540
Direct client costs - Mental Health and Addictions, Community Support, Health Promotion and Protection, Family Support and Community Corrections	39,211,550	35,188,672
Long-term debt - interest	904,155	971,353
- principal	810,631	936,320
Capital lease - interest	11,717	18,977
- principal	126,281	119,183
	<u>269,823,911</u>	<u>249,939,457</u>
<b>Surplus (deficit) for government reporting</b>	<b>211,519</b>	<b>( 1,030,980)</b>
Long-term debt principal	810,631	936,320
Capital lease principal	<u>126,281</u>	<u>119,183</u>
<b>Surplus before non-shareable items</b>	<b>1,148,431</b>	<b>24,523</b>
<b>Non-shareable items:</b>		
Amortization of deferred capital equipment grants	3,557,464	3,898,563
Amortization	( 5,429,413)	( 6,122,294)
Accrued vacation pay - (increase) decrease	( 1,481,270)	( 229,649)
Accrued severance pay - (increase) decrease	( 617,060)	( 641,510)
	<u>( 3,970,279)</u>	<u>( 3,094,890)</u>
<b>Surplus(deficit)</b>	<b>\$ ( 2,821,848)</b>	<b>( 3,070,367)</b>

# **CENTRAL REGIONAL HEALTH AUTHORITY**

## **Funding and Expenditure for Government Reporting**

### **Capital Transactions**

**Year ended March 31, 2009**

**2009**

**2008**

#### **Source of funds:**

Provincial capital equipment grants in current year	<b>\$ 10,184,500</b>	5,337,100
Capital grant reallocated to operating fund for minor equipment purchased	( 50,586)	-
Deferred capital grant from prior year	<b>499,229</b>	1,059,750
Deferred capital grant for current year	<b>( 8,043,763)</b>	( 499,229)
Provincial funding used in current year	<b><u>2,589,380</u></b>	<u>5,897,621</u>
Other contributions:		
Health Foundation donations	<b>220,184</b>	217,831
Other donations	<b>63,028</b>	89,620
Loan proceeds - vehicles	-	31,336
Other recoveries from outside organizations	<b><u>21,418</u></b>	<u>1,326,118</u>
Funding from other sources	<b><u>304,630</u></b>	<u>1,664,905</u>
Total funding	<b><u>2,894,010</u></b>	<u>7,562,526</u>

#### **Expenditure:**

Equipment purchased	<b>2,869,010</b>	7,560,569
Transfer to foundations of matching grants	<b><u>25,000</u></b>	-
Total expenditure	<b><u>2,894,010</u></b>	<u>7,560,569</u>

**Surplus (deficit) on capital purchases, before deposits on equipment** - 1,957

**Deposits on future equipment purchases** - 2,188,547

**Surplus (deficit) on capital purchases** \$ - 2,190,504

# CENTRAL REGIONAL HEALTH AUTHORITY

## Accumulated Operating Surplus (Deficit) for Government Reporting

Year ended March 31, 2009

	Consolidated		Operating		Cottage Operations and Foundations	
	2009	2008	2009	2008	2009	2008
<b>Current assets</b>						
Cash		-	-	-	802,615	620,258
Receivables	\$ -	12,548,071	19,097,574	12,449,229	71,563	98,842
Due from Cottage operations and Foundations	19,169,137	-	260,172	477,903	-	-
Inventory	1,956,854	1,943,615	1,956,854	1,943,615	-	-
Prepaid expenses	5,004,614	4,774,569	4,936,447	4,706,669	68,167	67,900
<b>Total current assets</b>	<b>26,130,605</b>	<b>19,266,255</b>	<b>26,251,047</b>	<b>19,577,416</b>	<b>942,345</b>	<b>787,000</b>
<b>Current liabilities</b>						
Bank indebtedness	177,214	10,856,893	979,829	11,477,151	-	-
Payables and accruals	25,078,014	22,218,661	25,046,459	22,177,636	31,555	41,025
Due to operating	-	-	-	-	260,172	477,903
Deferred grants and donations	19,441,040	5,436,082	19,441,040	5,406,082	-	30,000
<b>Total current liabilities</b>	<b>44,696,268</b>	<b>38,511,636</b>	<b>45,467,328</b>	<b>39,060,869</b>	<b>291,727</b>	<b>548,928</b>
<b>Accumulated surplus (deficit)</b>	<b><u>\$(18,565,663)</u></b>	<b><u>(19,245,381)</u></b>	<b><u>(19,216,281)</u></b>	<b><u>(19,483,453)</u></b>	<b><u>650,618</u></b>	<b><u>238,072</u></b>

### Reconciliation of Accumulated Operating Surplus (Deficit):

Balance, beginning:	\$(19,483,453)	(20,648,308)
Surplus (deficit) for government reporting	211,519	( 1,030,980)
Surplus (deficit), on capital purchases	-	2,190,504
Add back write-off of deferred charges	-	4,586
Add proceed from sale of property, plant and equipment, non-shareable	56,373	-
Increase in J. M. Olds funds	( 717)	746
Miscellaneous difference	(19,216,278)	(19,483,452)
	( 3)	( 1)
Balance, ending	<u>\$(19,216,281)</u>	<u>(19,483,453)</u>

# CENTRAL REGIONAL HEALTH AUTHORITY

## Deferred Revenue for the National Child Benefit (NCB), Early Childhood Development (ECD) and Early Learning and Childcare (ELC)

Year ended March 31, 2009

Initiative	Funding			Expenses			Deferred Revenue
	Deferred From Prior Year	Allocated For Current Year	Total Available For Year	Gross Expenses	Excess Expenses (Deficit)	Net Expenses	March 31, 2009
<b>NCB:</b>							
Child Care Subsidy	\$ -	193,600	193,600	193,600	-	193,600	-
Special needs (Autism)	182,087	328,000	510,087	287,188	-	287,188	222,899
Renovations/equipment	2,737	-	2,737	-	-	-	2,737
Equipment	31,720	36,100	67,820	30,253	-	30,253	37,567
Child Care Consultant	-	50,000	50,000	50,000	-	50,000	-
Residential and Support services	34,464	105,555	140,019	78,068	-	78,068	61,951
Mental Health	-	77,427	77,427	77,427	-	77,427	-
Family Resource Centre	-	200,000	200,000	200,000	-	200,000	-
Healthy Baby Clubs	-	54,000	54,000	13,453	-	13,453	40,547
Non-specific	32,703	498,948	531,651	482,704	-	482,704	48,947
<b>TOTAL NCB</b>	<b>283,711</b>	<b>1,543,630</b>	<b>1,827,341</b>	<b>1,412,693</b>	<b>-</b>	<b>1,412,693</b>	<b>414,648</b>
<b>ECD:</b>							
Child Care Subsidy	-	-	-	-	-	-	-
Autism enhancement	-	-	-	-	-	-	-
Child management specialists	-	55,000	55,000	55,000	-	55,000	-
Child Care Consultants	111,202	212,992	324,194	146,554	-	146,554	177,640
Family Resource Centre	64,100	565,000	629,100	528,150	-	528,150	100,950
Family Home Child Care Equipment	4,277	9,900	14,177	-	-	-	14,177
Non-specific	-	10,350	10,350	3,363	-	3,363	6,987
<b>TOTAL ECD</b>	<b>179,579</b>	<b>853,242</b>	<b>1,032,821</b>	<b>733,067</b>	<b>-</b>	<b>733,067</b>	<b>299,754</b>
<b>ELC:</b>							
Child Care Subsidy	247,533	1,743,677	1,991,210	1,903,255	-	1,903,255	87,955
FAO's	5,095	25,000	30,095	30,095	-	30,095	-
Provincial ELC initiatives	153,736	51,265	205,001	34,970	-	34,970	170,031
Child Care Consultants	173,124	79,000	252,124	75,746	-	75,746	176,378
Community based child care	64,826	12,000	76,826	1,886	-	1,886	74,940
Non-specific	74,271	157,000	231,271	216,871	-	216,871	14,400
<b>TOTAL ELC</b>	<b>718,585</b>	<b>2,067,942</b>	<b>2,786,527</b>	<b>2,262,823</b>	<b>-</b>	<b>2,262,823</b>	<b>523,704</b>
<b>TOTAL NCB, ECD AND ELC</b>	<b>\$ 1,181,875</b>	<b>4,464,814</b>	<b>5,646,689</b>	<b>4,408,583</b>	<b>-</b>	<b>4,408,583</b>	<b>1,238,106</b>



**COLLEGE OF THE NORTH ATLANTIC**  
**AUDITORS' REPORT**  
**FINANCIAL STATEMENTS - MARCH 31, 2009**

**AUDITORS' REPORT**

To the Board of Governors of **College of the North Atlantic**

We have audited the statement of financial position of **College of the North Atlantic** as at March 31, 2009 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2009, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

*Walters Hoffe*  
Chartered Accountants

Gander, Newfoundland  
June 29, 2009

**College of the North Atlantic**  
**Statement of Financial Position**  
March 31, 2009

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current assets		
Cash	\$ 39,444,037	\$ 32,936,016
Receivables - Note 2	15,542,987	12,253,112
Inventory	1,363,371	1,328,381
Prepaid expenses	1,347,841	850,836
	<u>57,698,236</u>	<u>47,368,345</u>
Property, plant & equipment - Note 3	18,523,465	15,377,442
Trust accounts - Note 4	1,091,054	727,799
	<u>\$ 77,312,755</u>	<u>\$ 63,473,586</u>
<b>Liabilities and Equity</b>		
Current liabilities		
Payables and accruals - Note 5	\$ 13,578,732	\$ 12,063,965
Deferred revenue - Note 6	5,176,439	4,912,758
Due to Qatar Campus - Note 10	13,438,490	8,582,087
Vacation entitlement - management	2,040,253	1,695,313
Vacation entitlement - other	4,988,576	4,366,289
Severance - current portion	1,000,000	1,000,000
	<u>40,222,490</u>	<u>32,620,412</u>
Trust accounts - Note 4	1,091,054	727,799
Deferred capital contributions - Note 7	5,753,909	5,713,948
Severance	11,304,795	11,054,336
	<u>58,372,248</u>	<u>50,116,495</u>
Equity		
Surplus - net of capital reserve, per accompanying statement	11,055,797	10,337,091
Capital reserve - Note 13	7,884,710	3,020,000
	<u>18,940,507</u>	<u>13,357,091</u>
	<u>\$ 77,312,755</u>	<u>\$ 63,473,586</u>

Approved:

Board Chair

Audit Committee Chair

**College of the North Atlantic**  
**Statement of Operations**  
Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Revenue - Schedule I		
Grant-in-aid	\$ 72,040,900	\$ 71,270,800
Facilities	379,433	534,363
Administration	502,213	1,654,626
Instructional	29,547,605	26,885,325
Student services	729,026	671,507
Information technology	385,180	410,744
Resale	4,504,067	4,352,380
Apprenticeship	3,583,107	2,773,794
Continuing education	877,734	656,760
Contracts	7,371,404	6,889,457
International	886,443	582,537
Special projects	<u>9,712,142</u>	<u>9,252,987</u>
Total revenue	<u>130,519,254</u>	<u>125,935,280</u>
Expenditure - Schedules 2 to 13		
Facilities	6,209,484	5,947,249
Administration	14,625,167	13,885,620
Instructional	63,433,805	61,840,706
Student services	9,572,683	9,267,170
Information technology	10,411,955	6,584,468
Resale	5,448,523	5,139,696
Apprenticeship	2,980,799	2,453,362
Continuing education	837,983	618,812
Contracts	7,043,947	5,979,775
International	841,775	523,070
Special projects	<u>2,697,217</u>	<u>2,591,303</u>
Total expenditure before special item	<u>124,103,338</u>	<u>114,831,231</u>
Special item - recovery of rent accrual - Note 11		(2,734,561)
Total expenditure	<u>124,103,338</u>	<u>112,096,670</u>
Surplus before unfunded adjustments	6,415,916	13,838,610
Unfunded adjustments:		
Severance	(210,214)	(227,712)
Vacation pay	<u>(622,288)</u>	<u>616,590</u>
Total unfunded adjustments	<u>(832,502)</u>	<u>288,878</u>
Surplus of revenue over expenditures	<u>\$ 5,583,414</u>	<u>\$ 14,127,488</u>

**College of the North Atlantic**  
**Statement of Changes in Net Assets**  
Year Ended March 31, 2009

	<u>Operating</u>	<u>Property Plant &amp; Equipment</u>	<u>Severance and Annual Leave</u>	<u>Surplus - net of Capital Reserve</u>	<u>Capital Reserve</u>	<u>2009 Total</u>	<u>2008 Total</u>
Balance, beginning							
As previously stated	\$ 20,021,187	9,663,496	(16,327,590)	13,357,093		13,357,093	\$ (770,397)
Prior years adjustment - Note 12	(3,020,000)			(3,020,000)	3,020,000	0	
Balance, as restated	17,001,187	9,663,496	(16,327,590)	10,337,093	3,020,000	13,357,093	(770,397)
Property, plant & equipment purchases during year	(7,550,953)	7,550,953					
Amortization of property, plant & equipment	4,392,594	(4,392,594)					
Capital grants received during the year	1,865,556	(1,865,556)					
Amortization of deferred capital contributions	(1,825,595)	1,825,595					
Net book value of property, plant & equipment disposed during the year	12,336	(12,336)					
Surplus of revenue over expenditure per accompanying statement	6,415,916		(832,502)	5,583,414		5,583,414	14,127,488
Capital reserve adjustment - Note 13	(4,864,710)			(4,864,710)	4,864,710	0	
Balance, ending	<u>\$ 15,446,331</u>	<u>\$ 12,769,558</u>	<u>\$ (17,160,092)</u>	<u>\$ 11,055,797</u>	<u>\$ 7,884,710</u>	<u>\$ 18,940,507</u>	<u>\$ 13,357,091</u>

**College of the North Atlantic**  
**Statement of Cash Flow**  
Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Cash flows:		
Surplus of revenue over expenditure	\$ 5,583,414	\$ 14,127,488
Add items of a non - cash nature:		
Loss (gain) of property, plant & equipment	(970)	(1,287)
Loss (gain) on disposal of property, plant & equipment	(47,180)	(215,901)
Amortization	<u>4,392,594</u>	<u>3,719,903</u>
	9,927,858	17,630,203
Changes in:		
Current assets	(3,821,869)	(3,669,178)
Current liabilities	7,602,080	(14,796,206)
Accrued severance	<u>250,459</u>	<u>138,744</u>
	<u>13,958,528</u>	<u>(696,437)</u>
Financing:		
Change in deferred capital contributions	<u>39,961</u>	<u>711,417</u>
Investing:		
Proceeds from sale of property, plant & equipment	60,485	246,162
Additions to property, plant & equipment	<u>(7,550,953)</u>	<u>(6,601,087)</u>
	<u>(7,490,468)</u>	<u>(6,354,925)</u>
Net increase (decrease) in cash	6,508,021	(6,339,945)
Cash, beginning	<u>32,936,016</u>	<u>39,275,961</u>
Cash, ending	<u><u>\$ 39,444,037</u></u>	<u><u>\$ 32,936,016</u></u>

**College of the North Atlantic**  
**Revenue**  
Year Ended March 31, 2009

	2009	2008
Grant-in-aid	\$ 72,040,900	\$ 71,270,800
Facilities		
Amortization of deferred capital contribution	24,827	21,460
Classroom/video rental	15,000	15,000
Parking	6,307	1,411
Other	333,299	496,492
	<u>379,433</u>	<u>534,363</u>
Administration		
Interest	333,852	410,319
Amortization of deferred capital contribution	57,634	10,284
Gain on disposal of capital assets	48,150	217,189
Other	62,577	1,016,834
	<u>502,213</u>	<u>1,654,626</u>
Instructional		
Tuition	9,163,826	9,098,670
Equipment and materials	1,440,946	1,417,333
Subsidy	16,211,189	12,834,322
Amortization of deferred capital contribution	1,559,131	1,549,338
Daycare	337,699	311,773
Other	834,814	1,673,889
	<u>29,547,605</u>	<u>26,885,325</u>
Student services		
Application fee	232,180	225,234
Registration fee	342,453	322,247
Amortization of deferred capital contribution	10,845	10,607
Other	143,548	113,419
	<u>729,026</u>	<u>671,507</u>
Information technology		
Amortization of deferred capital contribution	160,260	185,824
Other	224,920	224,920
	<u>385,180</u>	<u>410,744</u>
Continuing education		
Tuition	877,613	652,860
Other	121	3,900
	<u>877,734</u>	<u>656,760</u>
Contracts		
Tuition	4,227,342	5,003,633
Apprenticeship/Post Journey	76,820	67,495
Other	3,067,242	1,818,329
	<u>7,371,404</u>	<u>6,889,457</u>

## College of the North Atlantic

## Revenue

Year Ended March 31, 2009

Resale		
Bookstore	2,928,279	2,887,369
Food services	1,228,414	1,085,825
Residence	333,958	365,663
Amortization of deferred capital contribution	12,898	10,216
Other	518	3,307
	<u>4,504,067</u>	<u>4,352,380</u>
Apprenticeship		
Apprenticeship	3,583,107	2,773,794
	<u>3,583,107</u>	<u>2,773,794</u>
International		
International	886,443	582,537
	<u>886,443</u>	<u>582,537</u>
Special projects		
Qatar (net) - Note 10	7,260,588	6,312,168
Other projects	2,451,554	2,940,819
	<u>9,712,142</u>	<u>9,252,987</u>
	<u>\$ 130,519,254</u>	<u>\$ 125,935,280</u>



**College of the North Atlantic**  
**Summary of Facilities Expenditures**  
Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 1,407,575	\$ 1,386,681
Professional fees	120,398	76,091
Travel	7,460	13,177
Insurance	351,300	337,919
Photocopying/printing	1,231	831
Office related supplies	2,145	909
General advertising	1,707	1,454
Freight and customs	2,354	1,724
Telephone	4,728	2,845
Utilities	1,480,443	1,457,290
Repairs and maintenance	1,256,514	1,243,228
Vehicle operations	177,402	136,426
Equipment rentals	16,237	25,385
Facilities rentals	962,845	825,318
Protective clothing	12,298	11,161
Amortization	120,619	58,967
Computer supplies	1,849	1,396
Minor equipment and tools	86,447	72,122
Minor computer equipment	9,038	1,615
Materials and supplies	186,894	292,710
	<u>\$ 6,209,484</u>	<u>\$ 5,947,249</u>

**College of the North Atlantic**  
**Summary of Administration Expenditures**  
Year Ended March 31, 2009

	2009	2008
Salaries and benefits	\$ 10,305,668	\$ 9,358,498
Professional development	236,846	169,785
Employee recognition and wellness	22,321	16,964
Professional fees	240,113	201,603
Travel	404,218	377,907
Recruitment and relocation	69,667	197,123
Insurance	1,652	4,350
Bank charges	174,837	116,341
Photocopying/printing	349,095	328,259
Office related supplies	464,545	388,691
Membership fees	119,426	67,831
General advertising	322,366	283,619
Doubtful receivables	45,001	251,397
Freight and customs	127,198	136,513
Telephone	684,265	761,894
Utilities	5,666	3,253
Repairs and maintenance	82,604	82,579
Vehicle operations	6,124	17,451
Equipment rentals	41,900	20,688
Protective clothing	7,693	5,313
Amortization	83,222	104,117
Laundry and drycleaning	1,147	3,109
Computer supplies	30,996	45,687
Contracted Services	928	7,413
Educational materials	14,743	18,460
Student related	3,663	8,920
Minor equipment and tools	210,665	181,360
Minor computer equipment	112,809	96,826
Materials and supplies	455,789	629,669
	<u>\$ 14,625,167</u>	<u>\$ 13,885,620</u>

**College of the North Atlantic**  
**Summary of Instructional Expenditures**  
Year Ended March 31, 2009

	2009	2008
Salaries and benefits	\$ 52,518,671	\$ 50,774,182
Professional development	367,450	352,169
Professional fees	320,445	343,113
Travel	570,999	583,604
Recruitment and relocation	66,948	90,230
Insurance	1,581	3,527
Photocopying/printing	163,355	204,849
Office related supplies	71,750	62,276
Membership fees	23,403	25,332
General advertising	117,939	251,818
Freight and customs	85,983	101,527
Telephone	166,749	149,103
Utilities	2,088	6,489
Repairs and maintenance	153,627	302,501
Vehicle operations	437,259	476,317
Equipment rentals	105,045	111,858
Facilities rentals	107,790	128,780
Protective clothing	20,188	38,497
Amortization	3,648,209	3,061,562
Food cost	115,333	112,287
Laundry and drycleaning	5,356	4,036
Textbooks and supplies	430	3,392
Computer supplies	254,236	181,526
Contracted services	178,773	171,169
Educational materials	182,979	109,603
Daycare operations	146,225	134,291
Student related	335,977	184,078
Minor equipment and tools	796,487	1,246,310
Minor computer equipment	287,585	506,385
Materials and supplies	2,180,945	2,119,895
	<u>\$ 63,433,805</u>	<u>\$ 61,840,706</u>

**College of the North Atlantic**  
**Summary of Student Services Expenditures**  
Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 7,713,746	\$ 7,430,797
Professional development	29,000	31,939
Employee recognition and wellness	1,036	470
Professional fees	48,154	21,158
Travel	118,725	134,896
Recruitment and relocation	885	85
Insurance	6,170	31,578
Photocopying/printing	145,810	132,469
Office related supplies	85,156	75,005
Membership fees	3,745	6,407
General advertising	635,011	362,323
Freight and customs	20,559	19,859
Telephone	21,353	31,416
Repairs and maintenance	2,648	248
Equipment rentals	1,709	
Facilities rentals	2,863	13,171
Protective clothing	178	517
Amortization	30,280	27,190
Computer supplies	43,429	12,132
Contracted services	112,875	113,115
Educational materials	230,672	214,614
Student related	70,589	310,175
Minor equipment and tools	70,938	141,813
Minor computer equipment	42,938	38,444
Materials and supplies	134,214	117,349
	<u>\$ 9,572,683</u>	<u>\$ 9,267,170</u>

**College of the North Atlantic**  
**Summary of Information Technology Expenditures**  
Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 4,394,580	\$ 3,284,002
Professional development	541,184	273,311
Professional fees	127,109	51,970
Travel	286,969	76,324
Photocopying/printing	883	1,020
Office related supplies	13,621	6,582
Freight and customs	3,488	3,445
Telephone	16,529	35,026
Repairs and maintenance	6,677	9,523
Facilities Rentals	2,917	0
Amortization	492,511	453,700
Computer supplies	3,715,618	2,190,977
Contracted services	28,098	0
Minor equipment and tools	48,508	22,488
Minor computer equipment	675,995	146,742
Materials and supplies	57,268	29,358
	<u>\$ 10,411,955</u>	<u>\$ 6,584,468</u>

**College of the North Atlantic**  
**Summary of Resale Expenditures**  
Year Ended March 31, 2009

	2009	2008
Salaries and benefits	\$ 1,811,172	\$ 1,631,995
Professional development	320	1,578
Travel	7,427	4,880
Photocopying/printing	9,687	4,699
Office related supplies	20,242	12,811
General advertising	277	2,519
Freight and customs	144,908	139,966
Telephone	3,552	2,332
Utilities	22,097	14,848
Repairs and maintenance	22,254	26,717
Protective clothing	15,488	12,212
Amortization	17,753	14,367
Food cost	921,610	789,289
Laundry and drycleaning	24,822	30,659
Textbooks and supplies	2,319,790	2,369,492
Computer supplies	1,759	456
Minor equipment and tools	14,530	31,085
Minor computer equipment	3,809	6,563
Materials and supplies	87,026	43,228
	<u>\$ 5,448,523</u>	<u>\$ 5,139,696</u>

**College of the North Atlantic**  
**Summary of Apprenticeship Expenditures**  
 Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 2,174,774	\$ 1,864,942
Professional fees	392	4,000
Travel	1,379	1,601
Photocopying/printing	2,822	2,484
Office related supplies	340	496
General advertising	3,145	4,836
Freight and customs	4,999	4,264
Repairs and maintenance	9,471	2,609
Vehicle operations	2,670	1,195
Equipment rentals	0	583
Protective clothing	2,945	3,351
Food cost	25,839	23,950
Laundry and drycleaning	3,734	4,311
Computer supplies	11,569	1,181
Contracted services	14,403	13,400
Educational materials	20,263	20,642
Student related	268,678	235,305
Minor equipment and tools	80,457	56,614
Minor computer equipment	3,936	5,470
Materials and supplies	348,983	202,128
	<u>\$ 2,980,799</u>	<u>\$ 2,453,362</u>

**College of the North Atlantic**  
**Summary of Continuing Education Expenditures**  
Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 623,241	\$ 454,402
Professional fees	18,664	19,144
Travel	7,088	3,630
Photocopying/printing	1,813	1,266
General advertising	8,785	7,766
Freight and customs	1,179	1,168
Telephone	0	131
Facilities rentals	5,983	4,563
Computer supplies	0	2,146
Contracted services	66,566	45,536
Educational materials	2,172	1,402
Student related	43,025	31,019
Minor computer equipment	416	
Materials and supplies	<u>59,051</u>	<u>46,639</u>
	<u>\$ 837,983</u>	<u>\$ 618,812</u>



**College of the North Atlantic**  
**Summary of Contract Expenditures**  
Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 4,707,321	\$ 4,163,249
Professional development	5,042	5,684
Professional fees	40,526	17,214
Travel	164,865	132,239
Recruitment and relocation	0	714
Photocopying/printing	17,285	16,497
Office related supplies	9,767	7,421
Membership fees	8,844	11,934
General advertising	66,210	52,339
Freight and customs	11,043	9,230
Telephone	14,729	18,935
Repairs and maintenance	21,438	2,712
Vehicle operations	131,406	70,072
Equipment rentals	221,978	162,441
Facilities rentals	131,168	135,198
Protective clothing	5,667	4,311
Food cost	45,952	34,796
Computer supplies	8,105	17,730
Contracted services	717,430	497,777
Educational materials	10,533	21,083
Student related	260,913	262,626
Minor equipment and tools	19,331	47,362
Minor computer equipment	13,962	18,916
Materials and supplies	410,432	269,295
	<u>\$ 7,043,947</u>	<u>\$ 5,979,775</u>

**College of the North Atlantic**  
**Summary of International Expenditures**  
Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Salaries and benefits	\$ 344,146	\$ 249,354
Professional fees	3,297	16,138
Travel	60,666	59,976
Photocopying/printing	777	5,783
Office related supplies	1,069	2,601
Membership fees	13,584	10,387
General advertising	60,851	44,058
Freight and customs	9,487	13,696
Telephone	1,439	701
Computer supplies	368	2,722
Contracted services	307,792	88,267
Educational Materials	1,699	2,228
Student related	16,014	18,245
Minor equipment and tools	2,879	0
Minor computer equipment	2,081	0
Materials and supplies	15,626	8,914
	<u>\$ 841,775</u>	<u>\$ 523,070</u>

**College of the North Atlantic**  
**Summary of Special Projects Expenditures**  
Year Ended March 31, 2009

	2009	2008
Salaries and benefits	\$ 1,601,535	\$ 1,590,819
Professional development	33,555	21,941
Professional fees	323,879	76,784
Travel	52,631	82,023
Photocopying/printing	8,143	7,322
Office related supplies	7,728	5,511
General advertising	71,460	26,536
Freight and customs	4,297	3,540
Telephone	9,345	11,722
Repairs and maintenance	16,074	11,875
Vehicle operations	360	163
Equipment rentals	7,596	11,719
Facilities rentals	1,707	2,117
Food cost	4,112	8,429
Computer supplies	36,837	9,372
Contracted services	0	137,569
Educational materials	10,703	1,003
Student related	82,176	72,895
Minor equipment and tools	66,253	163,682
Minor computer equipment	42,244	37,280
Materials and supplies	316,582	309,001
	<u>\$ 2,697,217</u>	<u>\$ 2,591,303</u>

**College of the North Atlantic**  
**Summary of Expenditures**  
Year Ended March 31, 2009

	2009	2008
Salaries and benefits	\$ 87,602,429	\$ 82,188,921
Professional development	1,213,397	856,407
Employee recognition and wellness	23,357	17,434
Professional fees	1,242,977	827,215
Travel	1,682,427	1,470,257
Recruitment and relocation	137,500	288,152
Insurance	360,703	377,374
Bank charges	174,837	116,341
Photocopying/printing	700,901	705,479
Office related supplies	676,363	562,303
Membership fees	169,002	121,891
General advertising	1,287,751	1,037,268
Doubtful receivables	45,001	251,397
Freight and customs	415,495	434,932
Telephone	922,689	1,014,105
Utilities	1,510,294	1,481,880
Repairs and maintenance	1,571,307	1,681,992
Vehicle operations	755,221	701,624
Equipment rentals	394,465	332,674
Facilities rentals	1,215,273	1,109,147
Protective clothing	64,457	75,362
Amortization	4,392,594	3,719,903
Food cost	1,112,846	968,751
Laundry and drycleaning	35,059	42,115
Textbooks and supplies	2,320,220	2,372,884
Computer supplies	4,104,766	2,465,325
Contracted services	1,426,865	1,074,246
Educational materials	473,764	389,035
Daycare operations	146,225	134,291
Student related	1,081,035	1,123,263
Minor equipment and tools	1,396,495	1,962,836
Minor computer equipment	1,194,813	858,241
Materials and supplies	4,252,810	4,068,186
	<u>\$ 124,103,338</u>	<u>\$ 114,831,231</u>

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2009

**Authority and Purpose**

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

**1 Significant accounting policies:**

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) *Revenue recognition*

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures were incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered.

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value.

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2009

(d) *Property, Plant & Equipment*

Property, plant & equipment recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Property, plant & equipment acquired after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
ERP - Peoplesoft	10 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

No amortization is recorded for assets under development.

The value of donated artwork has not been recorded in these financial statements.  
An accurate valuation of donated artwork has not been obtained at March 31, 2009.

On disposal, property, plant & equipment are removed from the accounts at their net book value.  
Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) *Severance and vacation pay*

The College is liable for severance pay to employees who have nine or more years of continuous public service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction.  
Monetary assets and liabilities denominated in foreign currencies are translated at the Statement of Financial Position date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2009

**2 Receivables**

	2009	2008
Government of Newfoundland	\$ 2,919,692	\$ 2,494,254
HRD Subsidy	8,925,953	5,162,436
Students	1,242,394	1,138,887
Other	3,418,066	4,709,598
	16,506,105	13,505,175
Less allowance for doubtful accounts	963,118	1,252,063
	<u>\$ 15,542,987</u>	<u>\$ 12,253,112</u>

**3 Property, Plant & Equipment**

	2009			2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Artwork	\$ 5,500	\$ 0	\$ 5,500	\$ 5,500	
Capital improvements	11,183,416	5,065,851	6,117,565	3,964,464	
Computer and peripherals	7,711,602	6,616,283	1,095,319	1,133,566	
Furnishings	606,570	444,038	162,532	126,748	
Instructional equipment	33,046,654	27,108,757	5,937,897	5,620,832	
Other electronic equipment	403,055	198,077	204,978	131,846	
Software	372,040	372,040	0	42,244	
ERP - Peoplesoft	3,789,958	1,705,481	2,084,477	2,421,230	
Vehicles	7,071,900	4,156,703	2,915,197	1,931,012	
	<u>\$ 64,190,695</u>	<u>\$ 45,667,230</u>	<u>\$ 18,523,465</u>	<u>\$ 15,377,442</u>	

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

**4 Trust accounts**

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2009	2008
Opening balance	\$ 727,799	\$ 544,257
Net deposits and payments	341,052	164,397
Interest	22,203	19,145
Closing balance	<u>\$ 1,091,054</u>	<u>\$ 727,799</u>

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2009

**5 Payables and accruals**

	2009	2008
Trade liabilities	\$ 5,927,790	5,832,982
Accrued wages and benefits	2,923,278	5,482,464
End of service compensation	3,928,955	
Other	798,709	748,519
	<u>\$ 13,578,732</u>	<u>\$ 12,063,965</u>

**6 Deferred revenue**

	2009	2008
HRD Subsidy	\$ 1,279,332	1,425,810
Residence and program fees	44,847	95,249
Qatar contribution to ERP	224,919	449,839
Contract training and special projects	3,627,341	2,941,860
	<u>\$ 5,176,439</u>	<u>\$ 4,912,758</u>

**7 Deferred capital contributions**

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of property, plant & equipment (PPE). Changes in the deferred capital contributions balances are as follows:

	2009	2008
Balance, beginning of year	\$ 5,713,948	\$ 5,002,531
Contributions received for PPE purposes		
- Provincial grants	1,500,000	1,500,000
- Special projects	365,556	999,144
Amortization of deferred capital contributions	<u>(1,825,595)</u>	<u>(1,787,727)</u>
	<u>\$ 5,753,909</u>	<u>\$ 5,713,948</u>

**8 Pensions**

Under Section 26 of the College Act, 1996, College staff is subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.



**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2009

**9 Commitments**

**Deloitte Inc. Commitment**

The College has entered into a contract with Deloitte Inc. to develop and maintain a PeopleSoft integrated computerized information system. Committed payments over the next two years are as follows:

2009-2010	1,476,310
2010-2011	379,172

**Lease Commitment**

The College leases some equipment and facilities under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2009-2010	1,554,857
2010-2011	1,204,550
2011-2012	452,662
2012-2013	240,262
2013-2014	169,371

**10 Comprehensive Agreement with the State of Qatar**

The College has a comprehensive agreement with the State of Qatar to establish, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a period, September 30, 2001 to August 31, 2012. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries. The College receives quarterly advances to cover cash flow requirements.

**Due to Qatar**

	2009	2008
Cash on Deposit	\$ 12,866,939	9,649,883
Payables (accruals)	571,551	(1,067,796)
Net Liability	<u>\$ 13,438,490</u>	<u>8,582,087</u>

**Results of Operations**

	2009	2008
Gross Proceeds	\$ 10,374,712	7,526,173
Management Costs	(3,114,124)	(1,214,005)
Net Proceeds	<u>\$ 7,260,588</u>	<u>\$ 6,312,168</u>

**College of the North Atlantic**  
**Notes to Financial Statements**  
For the twelve months ending March 31, 2009

**11 Rental accrual**

As a result of a new lease between the Roman Catholic Episcopal Corporation for Labrador and the Government of Newfoundland and Labrador, entered into on September 1, 2007, the College has recovered \$2,734,561 in unpaid lease payments and related interest for the rental of the former Notre Dame Academy, the Labrador West campus and this is reflected in the 2008 statements. The new lease provides the College with total relief of its liability owing to the corporation.

**12 Prior years adjustment**

In the current year, the College has reserved \$3,020,000 for infrastructure initiatives. This amount represents rental savings for its Labrador West Campus up to March 31, 2008. As such, this amount has been transferred to capital reserve as at March 31, 2008.

**13 Capital reserve**

\$4,864,710 has been reserved, from current year income, to support infrastructure requirements. The Government of Newfoundland and Labrador has directed the funds to be held and considered as support for the College's infrastructure requests.

Capital Reserve balance consists of

	2009	2008
Opening balance	\$ 3,020,000	\$ 3,020,000
Rent Savings		
Government of Newfoundland and Labrador	4,864,710	
Total Reserve	<u>\$ 7,884,710</u>	<u>\$ 3,020,000</u>

**14 Financial instruments**

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these instruments.

**15 Comparative figures**

Certain of the 2008 comparative figures have been reclassified to conform to the financial presentation adopted in 2009.

**CONSEIL SCOLAIRE FRANCOPHONE  
PROVINCIAL DE TERRE-NEUVE-ET-  
LABRADOR**

**FINANCIAL STATEMENTS/  
AUDITORS' REPORT**

**JUNE 30, 2008**

## AUDITORS' REPORT

To Conseil Scolaire Francophone Provincial de Terre-Neuve-et-Labrador

We have audited the statement of financial position of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2008 and the related statements of current revenues, expenditures and Board equity, statement of cash flows and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2008 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

*Noseworthy Chapman*

Chartered Accountants  
St. John's, Newfoundland & Labrador  
August 31, 2008

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**STATEMENT OF FINANCIAL POSITION  
June 30, 2007**

<u>Assets</u>	<u>2008</u>	<u>2007</u>
<b>Current Assets</b>		
Cash (Supp. Info. 1)	\$ -	\$ -
Short Term Investments (Supp. Info. 2)	225,000	350,000
Accounts Receivable (Note 2)	425,977	366,192
HST Receivable	20,919	33,099
Prepaid Expenses (Supp. Info. 3)	11,585	27,097
<b>Total Current Assets</b>	<u>683,481</u>	<u>776,388</u>
Long Term Investments	6,000	2,000
Capital Assets (Sch. 8)	7,811,864	8,000,770
	<u>\$ 8,501,345</u>	<u>\$ 8,779,158</u>

**Liabilities and Board Equity**

**Current Liabilities**

Due to bank (Supp. Info. 1)	\$ 17,760	\$ 22,631
Due to the Government of Newfoundland & Labrador	227,585	156,422
Accounts Payable and Accruals (Note 3)	50,035	125,428
Current Maturities	-	-
<b>Total Current Liabilities</b>	<u>295,380</u>	<u>304,481</u>
Long-Term Debt	6,000	2,000
Severance Pay Benefits - Teaching staff (Note 5)	230,337	164,873
Severance Pay Benefits - Non-teaching staff (Note 5)	28,907	28,128
Other Employee Benefits - Vacation pay	9,067	8,356
Summer Pay Liability	325,360	260,699
Deferred Revenue	11,495	111,054
	<u>605,166</u>	<u>573,110</u>

**Contingent Liability (Note 7)**

**Board Equity**

Investment in capital assets (Note 4)	7,794,745	7,980,798
Reserve - (Note 6)	21,000	13,500
Board Equity (Deficit)	(220,946)	(94,731)
<b>Total Board Equity</b>	<u>7,594,799</u>	<u>7,899,567</u>
	<u>8,501,345</u>	<u>\$ 8,779,158</u>

Approved

See Accompanying Notes

Chairperson

Director of Education

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Statement of Current Revenues, Expenditures and Board Equity (Deficiency)**

**Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
<b>Current Revenue (Schedule 1)</b>		
Federal Government Grants	\$ 1,269,318	\$ 1,359,007
Provincial Government Grants	4,978,858	4,473,536
Donations	-	-
Ancillary Services	128,366	130,019
Miscellaneous	<u>54,445</u>	<u>28,083</u>
	<u>6,430,987</u>	<u>5,990,645</u>
<b>Current Expenditures</b>		
Pupil Services - federal grant (Schedule 10)	1,060,754	1,051,452
Administration - (Schedule 2)	451,433	429,058
Community programs - federal grant (Schedule 11)	180,000	191,894
Instruction (Schedule 3)	3,092,953	2,552,889
Operations and Maintenance (Schedule 4)	694,598	696,142
Pupil Transportation (Schedule 5)	336,135	321,530
Amortization of capital assets	391,063	380,466
Ancillary Services (Schedule 6)	159,615	135,087
Interest Expense	-	-
Miscellaneous Expense (Schedule 7)	<u>-</u>	<u>-</u>
	<u>6,366,551</u>	<u>5,758,518</u>
Excess of Revenue over Expenditure before undernoted item	64,436	232,127
Transfer to Capital Fund	<u>117,687</u>	<u>186,276</u>
Excess of Revenue over Expenditure for the Period	(53,251)	45,851
Teacher severance pay accrual (Note 5)	<u>(65,464)</u>	<u>(57,777)</u>
Adjusted excess of Revenue over Expenditures	(118,715)	(11,926)
Board Deficiency, Beginning of Year	(94,731)	(84,305)
Transfer (to) from reserve	<u>(7,500)</u>	<u>1,500</u>
Fund Deficiency, End of the Year	<u>\$ (220,946)</u>	<u>\$ (94,731)</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Statement of Cash Flows  
Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
<b>60 Operating Activities</b>		
011 Excess of Revenue over Expenditures (Expenditures over Revenue)	(118,715)	(11,926)
012 Changes in Non-Cash Working Capital		
013 - Short Term Investments	121,000	(2,000)
014 - Accounts Receivable	(47,605)	(24,439)
015 - Prepaid Expenses	15,512	(18,848)
014 - Accounts Payable & Accrued Expenses	(4,231)	(29,474)
015 - Amortization of capital assets	2,853	2,853
016 Other non-working capital items	-	-
016 - Summer Pay Liability	64,661	26,812
016 - Severance pay accrual	66,243	48,661
- Other employee benefits	711	(20,016)
- Deferred revenue	(99,559)	(9,688)
	<u>871</u>	<u>(38,065)</u>
<b>61 Financing Activities</b>		
011 Proceeds form Bank Loans	-	-
012 Grants - Capital	202,158	186,276
013 Other Capital Revenue	-	-
014 Changes in Long-Term Debt	-	-
015 Other - reserve	4,000	2,000
	<u>206,158</u>	<u>188,276</u>
<b>62 Investing Activities</b>		
011 Proceeds in Sale of Capital Assets	-	-
012 Additions to Capital Assets	(202,158)	(186,276)
013 Other	-	-
	<u>(202,158)</u>	<u>(186,276)</u>
<b>63 Increase (decrease) in Cash</b>	4,871	(36,065)
<b>64 Cash, Beginning of the Year</b>	<u>(22,631)</u>	<u>13,434</u>
<b>65 Cash, End of the Year</b>	<u>\$ (17,761)</u>	<u>\$ (22,631)</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Statement of Changes in Capital Fund  
Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
<b>70 Capital Receipts</b>		
<b>71 Proceeds from Bank Loans</b>		
011 - School Construction	\$ -	\$ -
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Pupil Transportation	-	-
	<hr/>	<hr/>
	-	-
<b>72 Federal Grants</b>		
011 School Construction and Equipment	-	-
012 Other	-	-
	<hr/>	<hr/>
	-	-
<b>73 Donations</b>		
011 - Cash Receipts	-	-
012 - Non-Cash Receipts	-	-
013 - Restricted Use	-	-
	<hr/>	<hr/>
	-	-
<b>74 Sale of Capital Assets - Proceeds</b>		
011 - Land & 012 Buildings	-	-
013 - Equipment	-	-
014 - Service Vehicles	-	-
015 - Pupil Transportation Vehicles	-	-
	<hr/>	<hr/>
	-	-
<b>75 Other Capital Revenues</b>		
011 - Interest on Capital Fund Investments	-	-
012 - Premiums on Debentures	-	-
013 - Recoveries of Expenditures	-	-
015 - Insurance Proceeds	-	-
016 - Native Peoples Grants	-	-
017 - Miscellaneous		
- Capital Grants - Province of NL	84,471	-
- Cost sharing for Info Technology Grants	-	-
	<hr/>	<hr/>
<b>Total Capital Receipts</b>	84,471	-
	<hr/>	<hr/>
<b>77 Transfer from Reserve Account</b>	-	-
	<hr/>	<hr/>
<b>78 Transfer from Current Fund</b>	117,687	186,276
	<hr/>	<hr/>
<b>Total</b>	<u>\$ 202,158</u>	<u>\$ 186,276</u>



**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Statement of Changes in Capital Fund (Cont'd)  
Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
80 <b><u>Capital Disbursements</u></b>		
81 <b>Additions to Capital Assets</b>		
011 - Land and Sites	\$ -	\$ -
012 - Buildings	84,471	-
013 - Furniture & Equipment - Schools	97,685	156,620
014 - Furniture & Equipment - Other	20,002	19,664
015 - Service Vehicles	-	-
016 - Pupil Transportation	-	-
017 - Other - Centre des Grands-Vents	-	9,992
	<u>202,158</u>	<u>186,276</u>
82 <b>Principal Repayment of Long Term Debt</b>		
011 - School Construction	-	-
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Other	-	-
	<u>-</u>	<u>-</u>
83 <b>Miscellaneous Disbursements</b>		
013 - Other	-	-
	<u>-</u>	<u>-</u>
 Total Capital Disbursements	 <u>\$ 202,158</u>	 <u>\$ 186,276</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Notes to the Financial Statements  
Year Ended June 30, 2008**

**1. Significant Accounting Policies:**

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

- a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the province in regard to capital projects are recorded as capital revenues.
- b) Capital asset additions are recorded at full cost in the capital fund and are amortized over their useful lives.
- c) Capital assets are amortized using the straight line method based on the following number of years:
  - School buildings - 40 years
  - Furniture - 10 years
  - Equipment - 10 years
  - Computers - 4 years
- d) Funding relating to capital assets is deferred and amortized according to the same method used for the assets to which it relates.
- e) The School board has acquired, in certain cases, land for its buildings without cost. In other cases, the board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. In the case where the land is board property, value determinations were not possible, meaning that the fair market value was not recorded.
- f) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Notes to the Financial Statements  
Year Ended June 30, 2008**

		<u>2008</u>	<u>2007</u>
<b>2.</b>	<b><u>Accounts Receivable</u></b>		
	<u>Current</u>		
11	131 Provincial Government	\$ 344,028	\$ 286,789
	132 Transportation	-	-
	133 Federal Government	37,269	30,309
	136 Other School Districts	-	-
	137 Rent	22,604	32,373
	138 Interest	441	2,552
	139 Travel Advances and Misc.	9,207	2,746
	<u>Capital</u>		
11	231 Provincial Government Construction Grants	12,428	11,423
	233 Local Contributions		
	234 Other School Districts		
	235 Other		
		<hr/> 425,977 <hr/>	<hr/> 366,192 <hr/>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Notes to the Financial Statements  
Year Ended June 30, 2008**

		<u>2008</u>	<u>2007</u>
<b>3.</b>	<b><u>Accounts Payable and Accruals</u></b>		
	<u>Current</u>		
21	111 Trade Payable	\$ 14,329	\$ 68,828
	112 Accrued - Liabilities	35,706	56,600
	113 - Interest	-	-
	114 - Wages	-	-
	115 Payroll Deductions		
	116 Retail Sales Tax		
	117 Deferred Grants	-	-
	118 Other	-	-
	<u>Capital</u>		
21	211 Trade Payable		
	212 Accrued - Liabilities	-	
	213 - Interest		
	217 Deferred Grants		
	218 Other		
		<hr/> 50,035 <hr/>	<hr/> 125,428 <hr/>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Notes to the Financial Statements  
Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
<b>4. Investment in capital assets - beginning of year</b>	<b>\$ 7,980,798</b>	<b>\$ 8,172,135</b>
Add:		
Transfer of Operating Funds to Capital Fund	117,687	186,275
Grants		
- Province - Contribution for Capital Construction	-	-
- Other -		
Capital Projects funded by the province but paid directly to other sources on behalf of the District	84,471	-
Donations		
Proceeds from the sale of Capital Assets		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Miscellaneous		
	<u>202,158</u>	<u>186,275</u>
Deduct Adjustments		
Amortization of Investment in Capital Assets	388,211	377,612
Cost of assets sold		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
	<u>-</u>	<u>-</u>
	<u>388,211</u>	<u>377,612</u>
Other	<u>-</u>	<u>-</u>
<b>23 221 Investment in capital assets -end of year</b>	<b><u>\$ 7,794,745</u></b>	<b><u>\$ 7,980,798</u></b>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Notes to the Financial Statements  
Year Ended June 30, 2008**

**5. Accrued Severance Leave**

The amount of \$65,464 for teachers' severance costs and the amount of \$779 for non-teaching staff severance costs are included in expenses. The amount of \$230,337 for teachers' severance costs and the amount of \$28,907 for non-teaching staff severance costs for a total of \$259,244 are included in the liabilities.

The adjustment for teachers' severance pay is required by the Department of Education of the Government of Newfoundland and Labrador and has no impact on the operation of the School Board. No account receivable is included in the accounts to offset this liability.

The accrued severance leave for non-teaching personnel is funded out of the board's regular operating grants.

**6. Reserve**

In accordance with leases with the tenants of the Centre scolaire et communautaire des Grand-Vents in St. John's, this reserve constitutes funds that management has designated as restricted funds to allow for the future purchase of computer equipment and major renovations of the building.

**7. Contingent liability**

The organization was served a statement of claim for an unspecified dollar amount by an individual for wrongful dismissal from a position within Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador. Subsequently, a defense to the statement of claim has been filed by the organization. To date this issue has yet to be resolved and the amount and likelihood any settlement is not determinable at this time.

**8. Comparative figures**

Certain comparative figures have been reclassified to conform to current years presentation.

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

Current Revenues  
Year Ended June 30, 2008

	<u>2008</u>	<u>2007</u>
<b><u>Current Revenues</u></b>		
<b>Federal Government Grants</b>		
Regular Operating Grants	\$ 1,269,318	\$ 1,359,007
<b>32 010 Provincial Government Grants</b>		
011 Regular Operating Grants	\$ 1,263,568	\$ 1,175,853
Amort. of deferred rev for capital assets	388,211	377,612
016 Special Grants	-	-
- Traditionnal Music	23,132	-
- Official Language Monitor	58,543	51,076
- French Language recuperation	-	-
- Textbook credit allocation	-	481
- Communication Tech	-	-
- Other	157,829	182,206
Salaries and Benefits	-	-
017 - Superintendent and Asst. Supts.	195,925	206,384
021 - Regular Teachers	2,424,371	2,043,610
022 - Substitute Teachers	82,669	58,619
- Student Assistants	50,843	57,679
030 Pupil Transportation	-	-
031 - Board Owned	-	-
032 - Contracted	333,767	320,016
033 - Handicapped	-	-
	<u>4,978,858</u>	<u>4,473,536</u>
<b>33 010 Donations</b>		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	<u>-</u>	<u>-</u>
<b>34 010 Ancillary Services</b>		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities	103,366	105,019
031 Cafeterias	-	-
032 Other - ARCO	25,000	25,000
	<u>128,366</u>	<u>130,019</u>
	<u>6,376,542</u>	<u>5,962,562</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

Current Revenues  
Year Ended June 30, 2008

	<u>2008</u>	<u>2007</u>
35 010 <b>Miscellaneous</b>		
011 Interest on Investments	\$ 2,582	\$ 9,613
012 Bus Charters	-	-
021 Recoveries of Expenditures	-	-
031 Revenues from Other School Boards	-	-
051 Insurance Proceeds	-	-
061 Bilingual Education Revenue	-	-
071 Operating Rev. from Native Peoples Grant	-	-
081 Miscellaneous Federal Grants	41,085	-
091 Textbooks	-	-
092 Other		
- Mining Company Grants	10,778	9,964
- Tutoring for tuition	-	-
- Sundry	-	8,506
	<u>54,445</u>	<u>28,083</u>
Total Current Revenues	<u>\$ 6,430,987</u>	<u>\$ 5,990,645</u>



**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Administration Expenditures  
Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
<b>51     Salaries and Benefits</b>		
011 - Superintendents and Assistant Superintendents	193,695	186,263
012 - Board Office Personnel	86,323	85,768
013 Office Supplies	5,863	5,048
014 Replacement Furniture and Equipment	345	3,973
015 Postage	4,625	6,934
016 Telephone	19,003	14,498
017 Office Equipment Rentals and Repairs	8,512	6,215
018 Bank Charges	2,939	3,281
019 Electricity	-	-
021 Fuel	-	-
022 Insurance	-	518
023 Repairs and Maintenance - Office Building	1,761	2,662
024 Travel	25,721	24,019
025 Board Meeting Expenses	47,216	48,713
026 Election Expenses	-	-
027 Professional Fees	23,029	17,795
028 Advertising - Recruitment	6,404	4,386
029 Membership Dues	17,172	16,105
031 Municipal Service Fees	2,536	800
032 Rental of Office Space	-	-
033 Relocation Expenses	-	800
034 Miscellaneous	515	990
035 Payroll Tax	-	-
Training	<u>\$ 5,774</u>	<u>\$ 290</u>
Total Administration Expenditures	<u><u>\$ 451,433</u></u>	<u><u>\$ 429,058</u></u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Instruction Expenditures  
Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
<b># 10 Instructional Salaries (Gross)</b>		
11 Teachers' Salaries - Regular	\$ 2,051,136	\$ 1,722,343
12 - Substitute	65,211	52,381
13 - Board Paid	87,766	23,056
14 Augmentation	-	-
15 Employee Benefits	359,297	295,972
16 School Secretaries - Salaries & Benefits	114,680	100,918
17 Payroll Tax	46,650	40,005
18 Other - Sal. & Ben. - program coord.	107,793	96,090
Other - Sal. & Ben. - student asst	42,080	49,208
Other - Sal. & Ben. - Labrador	3,558	3,371
	<u>2,878,171</u>	<u>2,383,344</u>
<b># 40 Instructional Materials</b>		
41 General Supplies	25,583	22,660
42 Library Resource Materials	-	-
43 Teaching Aids	27,685	24,755
44 Textbooks	3,956	7,896
	<u>57,224</u>	<u>55,311</u>
<b># 60 Instructional Furniture and Equipment</b>		
61 Replacement	4,082	4,965
62 Rentals and Repairs	9,733	10,097
	<u>13,815</u>	<u>15,062</u>
<b># 80 Instructional Staff Travel</b>		
81 Program Co-ordinators	15,907	1,460
82 Teachers' Travel	17,861	23,712
83 Inservice and Conferences	11,620	18,259
	<u>45,388</u>	<u>43,431</u>
<b># 90 Other Instructional Costs</b>		
91 French Monitor Program	63,677	55,539
92 Miscellaneous	4,110	-
Traditionnal Music	23,133	-
Kinderstart	7,435	202
	<u>98,355</u>	<u>55,741</u>
<b>Total Instruction Expenditures</b>	<u><u>\$ 3,092,953</u></u>	<u><u>\$ 2,552,889</u></u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Operations and Maintenance Expenditures - Schools  
Year Ended June 30, 2008**

		<u>2008</u>	<u>2007</u>
53	011 Salaries - Janitorial	\$ 188,608	\$ 168,674
	012 - Maintenance	79,948	78,191
	013 Payroll Tax	-	-
	014 Electricity	129,495	134,792
	015 Fuel	-	-
	016 Municipal Service Fees/Garbage Removal	7,729	8,566
	017 Telephone	27,092	27,037
	018 Vehicle Operating and Travel	22,826	13,604
	019 Janitorial Supplies	17,629	16,764
	021 Janitorial Equipment	1,545	3,838
	022 Repairs and Maintenance - Buildings	120,915	157,358
	023 - Equipment	40,010	20,284
	024 Contracted Services - Janitorial	341	7,261
	025 Snow Clearing	55,209	56,714
	026 Rentals	-	-
	027 Other (Miscellaneous)	<u>3,251</u>	<u>3,059</u>
	Total Operations and Maintenance	<u>\$ 694,598</u>	<u>\$ 696,142</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Pupil Transportation Expenditure  
Year Ended June 30, 2008**

		<u>2008</u>	<u>2007</u>
54	010 Operation and Maintenance of Board		
	Owned Fleet	\$ -	\$ -
	011 Salaries and Benefits- Administration		
	012 - Drivers and Mechanics	-	-
	013 Payroll Tax	-	-
	014 Debt Repayment- Interest	-	-
	015 - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	-	-
	018 Licenses	-	-
	019 Insurance	-	-
	021 Repairs and Maintenance - Fleet	-	-
	022 - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	-	-
	026 Snow Clearing	-	-
	027 Office Supplies	-	-
	028 Rent	-	-
	029 Travel	-	-
	031 Professional Fees	-	-
	032 Miscellaneous	-	-
	033 Telephone	-	-
	034 Vehicle Leases	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
54	040 Contracted Services		
	041 Regular Transportation	336,135	321,530
	042 Handicapped	-	-
		<hr/>	<hr/>
		336,135	321,530
		<hr/>	<hr/>
	Pupil Transportation Expenditures	<u>\$ 336,135</u>	<u>\$ 321,530</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Ancillary Services and Miscellaneous Expenses  
Year Ended June 30, 2008**

**Schedule 6**

**Ancillary Services**

The Board owns and operates the following ancillary services:

	<u>2008</u>	<u>2007</u>
55 Ancillary Services		
011 Operation of Teachers' Residences	\$ -	\$ -
031 Cafeterias	-	-
032 Other - Community Centre operations	159,615	135,087
032 Other - Environmental Centre	-	-
	<hr/>	<hr/>
Total ancillary services	<u>\$ 159,615</u>	<u>\$ 135,087</u>

**Schedule 7**

**Miscellaneous Expenses**

The Board has incurred the following miscellaneous expenses:

Other	-	-
	<hr/>	<hr/>
57 011 Total miscellaneous expenses	<u>\$ -</u>	<u>\$ -</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Details of Capital Assets  
Year Ended June 30, 2008**

	Cost 2007	Additions 2008	Cost 2008	Accumulated Amortization 2008	Net book value 2008	Net book value 2007
<b>12 210 Land and Sites</b>						
211 Land and Sites	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>12 220 Buildings</b>						
221 Schools	11,051,437	84,471	11,135,908	3,810,088	7,325,820	7,502,997
222 Administration	-	-	-	-	-	-
223 Residential	-	-	-	-	-	-
224 Recreational	-	-	-	-	-	-
225 Other	-	-	-	-	-	-
	<u>11,051,437</u>	<u>84,471</u>	<u>11,135,908</u>	<u>3,810,088</u>	<u>7,325,820</u>	<u>7,502,997</u>
<b>12 230 Furniture and Equip.</b>						
231 Schools	747,461	97,685	845,146	450,146	395,000	393,008
232 Administration	278,119	20,002	298,121	236,517	61,604	71,261
233 Residential	-	-	-	-	-	-
234 Recreation	-	-	-	-	-	-
235 Other - CGV	40,630	-	40,630	11,190	29,440	33,504
	<u>1,066,210</u>	<u>117,687</u>	<u>1,183,897</u>	<u>697,853</u>	<u>486,044</u>	<u>497,773</u>
<b>12 240 Vehicles</b>						
241 Service Vehicles	-	-	-	-	-	-
<b>12 250 Pupil Transportation</b>						
251 Land	-	-	-	-	-	-
252 Building	-	-	-	-	-	-
253 Vehicles - Buses	-	-	-	-	-	-
254 - Service	-	-	-	-	-	-
255 Equipment	-	-	-	-	-	-
256 Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>12 260 Misc. Capital Assets</b>						
261 Other	-	-	-	-	-	-
<b>Total Capital Assets</b>	<u>\$ 12,117,647</u>	<u>\$ 202,158</u>	<u>\$ 12,319,805</u>	<u>\$ 4,507,941</u>	<u>\$ 7,811,864</u>	<u>\$ 8,000,770</u>

## Schedule 9

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Details of Long Term Debt  
Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
22 210 Loans Other than Pupil Transportation	<u>\$</u>	<u>\$</u>
Ref. #		
211 <b>Bank Loans</b>		
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 211	<u>-</u>	<u>-</u>
212 <b>Mortgages</b>		
___ Repayable \$ _____ annually, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 212	<u>-</u>	<u>-</u>
213 <b>Debentures</b>		
___ Repayable \$ _____ annually, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 213	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>
215 Less Current Maturities	<u>-</u>	<u>-</u>
Total Loans Other Than Pupil Transportation	<u>-</u>	<u>-</u>

## Schedule 9 (Cont'd)

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

Details of Long Term Debt  
Year Ended June 30, 2008

	<u>2008</u>	<u>2007</u>
22 ## Loans - Pupil Transportation		
Ref. #		
<b>## Vehicle Bank Loans</b>		
_____ Repayable \$ _____ monthly, maturing _____	\$ -	\$ -
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
Total 221	-	-
<b>## Land, Buildings and Equipment Bank Loans</b>		
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
_____ Repayable \$ _____ monthly, maturing _____	-	-
Total 222	-	-
Subtotal	-	-
<b>## Less Current Maturities</b>	-	-
Total Loans - Pupil Transportation	-	-
Total Long Term Debt	<u>\$ -</u>	<u>\$ -</u>



**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Summary of Long Term Debt  
Year Ended June 30, 2008**

Description	Ref#	Rate	Loans		Principal Repayment for Period	Balance End of Period
			Balance Beginning of Period	Obtained During Period		
A) School Construction			\$ -	\$ -	\$ -	\$ -
B) Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Other  Integrated Education Council 8% - 9 3/4%			-	-	-	-
E) Pupil Transportation			-	-	-	-
Total Loans			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Schedule 9B

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Schedule of Current Maturities  
Year Ended June 30, 2008**

Description	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ -	\$ -	\$ -	\$ -	\$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Schedule of Interest Expense  
Year Ended June 30, 2008**

56 010	<u>2008</u>	<u>2007</u>
<u>Description</u>		
<b>012 Capital</b>		
School Construction	\$ -	\$ -
IEC	-	-
 Equipment	 -	 -
 Service Vehicles	 -	 -
 Other		
Energy Management	<u>-</u>	<u>-</u>
<b>Total Capital</b>	<u>-</u>	<u>-</u>
<b>013 Current - Operating Loans</b>	-	-
<b>014 - Supplier Interest</b>	-	-
- Charges	<u>-</u>	<u>-</u>
<b>Total Current</b>	<u>-</u>	<u>-</u>
 <b>Total Interest Expense</b>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

## Schedule 10

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Pupil Services - federal funding**

**Year Ended June 30, 2008**

	<u>2008</u>	<u>2007</u>
Pedagogical renewal plan	318,183	361,301
Educational Resource Centre	63,160	145,856
Language recovery	260,804	137,995
Teacher recruitment and retention	85,474	97,702
Distance education	37,138	79,187
Strategic planning	10,518	38,903
Artists in residence / Art & cultural programming	26,098	32,408
Principal & teacher training	44,436	29,719
School sport and music programs	-	28,709
Support for school improvement projects	14,244	19,268
Tutoring	-	16,789
Public speaking program	17,274	13,964
Promotion / Student recruitment	46,879	12,330
French professional services	29,803	11,413
Anti-bullying project	-	8,203
Board training	24,100	6,943
Federal project administration	36,500	5,762
Adult language recovery	1,870	5,000
Development advisor	16,139	-
Student Support Services	28,134	-
Post-secondary initiatives	-	-
Total - Pupil services - federal funding	<u>\$ 1,060,754</u>	<u>\$ 1,051,452</u>

Schedule 11

Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador

Community programs - federal funding  
Year Ended June 30, 2008

	<u>2008</u>	<u>2007</u>
Family resource centers	95,760	110,194
After school programs	25,200	27,600
Family literacy - Port-au-Port peninsula	30,240	35,100
Saturday school program	16,800	19,000
Summer Project	12,000	-
	<hr/>	<hr/>
Total programmes communautaires	<u>\$ 180,000</u>	<u>\$ 191,894</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Supplementary Information  
Year Ended June 30, 2008**

		<u>2008</u>	<u>2007</u>
<b>1.</b>	<b><u>Cash</u></b>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank	\$ -	\$ -
	111 Cash on Hand	-	-
	112 Bank - Current	(17,760)	(22,631)
	113 - Savings	-	-
	114 - Teachers' Payroll	-	-
	115 - Non Teachers' Payroll	-	-
	116 - Coupon (Debenture)	-	-
	117 - Other (Petty Cash)	-	-
		<u>(17,760)</u>	<u>(22,631)</u>
	<u>Capital</u>		
11	210 Cash on Hand and in Bank	-	-
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
		<u>-</u>	<u>-</u>
	Total Cash on Hand and in Bank	<u>(17,760)</u>	<u>(22,631)</u>
<b>2.</b>	<b><u>Short Term Investments</u></b>		
	<u>Current</u>		
11	121 Term Deposits	225,000	350,000
	122 Canada Savings Bonds	-	-
	123 Other		
	- Canada Treasury Bills	-	-
	- Mutual Funds	-	-
	- Balance in Broker account	-	-
	- Guaranteed Investment Certificate	-	-
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
		<u>-</u>	<u>-</u>
	Total Short Term Investments	<u>\$ 225,000</u>	<u>\$ 350,000</u>

**Conseil scolaire francophone provincial  
de Terre-Neuve-et-Labrador**

**Supplementary Information  
Year Ended June 30, 2008**

		<u>2008</u>	<u>2007</u>
3.	<b><u>Prepaid Expenses</u></b>		
	<u>Current</u>		
11	141 Insurance		
	142 Municipal Service Fees	\$ -	\$ -
	143 Supplies	-	-
	144 Other		
	- Workers' Compensation Commission	9,616	8,995
	- Salaries	-	-
	- Teachers in-service - advance	200	15,541
	- Airplane Tickets	-	-
	- Board meetings - advance	-	-
	- Moving expenses - advance	-	-
	- Travel advances	1,091	2,561
	- Divers	678	-
	<u>Capital</u>	-	-
11	241 Other		
	Total prepaid expenses	<u>\$ 11,585</u>	<u>\$ 27,097</u>





**CONSUMER PROTECTION FUND FOR  
PREPAID FUNERAL SERVICES**

**FINANCIAL STATEMENTS**

**31 MARCH 2009**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

**AUDITOR'S REPORT**

To the Minister of Government Services  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2009 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
21 July 2009

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES****BALANCE SHEET**

31 March

2009

(Restated)

2008

**ASSETS****Current**

Accounts receivable	\$ 14,801	\$ 11,987
Receivable relating to restitution order (Note 3)	23,662	-
	<u>\$ 38,463</u>	<u>\$ 11,987</u>

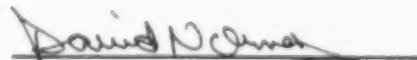
**LIABILITIES AND DEFICIT****Current**

Bank indebtedness (Note 4)	\$ 97,735	\$ 124,885
Accounts payable and accrued liabilities	7,827	2,320
Deferred revenue	8,611	-
	<u>114,173</u>	<u>127,205</u>

Liability for claims arising from prepaid funeral services contracts (Note 5)	<u>125,457</u>	<u>148,072</u>
	239,630	275,277

Deficit	<u>(201,167)</u>	<u>(263,290)</u>
	<u>\$ 38,463</u>	<u>\$ 11,987</u>

Signed on behalf of the Fund:

  
Minister of Government Services  
Deputy Minister of Government Services

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES****STATEMENT OF REVENUES, EXPENSES AND DEFICIT****(Restated)****For the Year Ended 31 March****2009****2008****REVENUES**

Assessments (Note 6)	\$ 54,395	\$ 67,280
----------------------	-----------	-----------

**EXPENSES**

Interest and bank charges	5,100	8,344
Professional services	10,834	5,169

15,934	13,513
--------	--------

Excess of revenues over expenses from operations	38,461	53,767
--	--------	--------

Other revenue

Recovery relating to restitution order (Note 3)	23,662	-
---	--------	---

Excess of revenues over expenses	62,123	53,767
----------------------------------	--------	--------

Deficit, beginning of year as previously reported	(275,277)	(317,969)
---	-----------	-----------

Change in accounting policy for revenue (Note 2)	11,987	912
--	--------	-----

Deficit, beginning of year as restated	(263,290)	(317,057)
--	-----------	-----------

Deficit, end of year	\$ (201,167)	\$ (263,290)
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**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES****STATEMENT OF CASH FLOWS****For the Year Ended 31 March****2009****(Restated)****2008****Cash flows from operating activities**

Excess of revenues over expenses

\$ 62,123

\$ 53,767

Change in non-cash working capital

(12,358)

(12,224)

49,765

41,543

**Cash flows from financing activities**Payment of claims arising from prepaid  
funeral services contracts (Note 5)

(22,615)

(45,685)

**Net decrease (increase) in bank indebtedness**

27,150

(4,142)

**Bank indebtedness, beginning of year**

(124,885)

(120,743)

**Bank indebtedness, end of year**

\$ (97,735)

\$ (124,885)

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

---

**Authority**

The Consumer Protection Fund for Prepaid Funeral Services (the Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

**1. Significant accounting policies**

These financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. Significant accounting policies adopted by management are as follows:

(a) Revenue recognition

Assessment revenue is recognized as earned.

(b) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

**2. Accounting policy change**

Prior to the current year, assessment revenue was recorded as cash was received as this was the point that measurability was reasonably determined. During the year the Fund changed its accounting policy for recognizing assessment revenue to include amounts received in April and May subsequent to the year-end that relate to the current year. This amount is set up as a receivable in the current year.

The Fund has accounted for these changes retrospectively with comparative information presented being restated. As a result, the Fund's previously reported revenues and receivables for the year ended 31 March 2008 increased by \$11,075 and \$11,987 respectively and the previously reported opening deficit decreased by \$912.

**3. Restitution Order**

A Restitution Order in the amount of \$500,029 is in place against the former owner of the failed funeral home in Port aux Basques. This Restitution Order has been registered in the province where the owner now resides. During the year the financial institution which held the first mortgage on the property co-owned by this individual foreclosed on the property and put it up for sale. The property was sold subsequent to year-end and the Fund received \$23,662 from the sale. The Restitution Order is still in effect and further action will be taken by the Fund where there is a likelihood of recovery.

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

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**4. Bank indebtedness**

The Fund has a \$200,000 revolving demand credit facility guaranteed by the Government of Newfoundland and Labrador. Interest is charged at the bank's prime rate. As at 31 March 2009, \$97,735 (2008 - \$124,885) had been drawn down on this line of credit.

**5. Liability for claims arising from prepaid funeral services contracts**

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 customers had purchased prepaid funerals totalling \$492,790. An additional claim has also been recognized for a customer who was not included in the original liability. During the year 3 claims (2008 - 5) relating to these prepaid funeral services contracts were paid by the Fund. On 28 June 2007, it was determined that the Fund should not withhold the HST included on these contracts. The amount of \$21,461 was paid out during the prior year relating to HST on all claim payments made to date by the Fund. Details of the change in the liability are as follows:

	<u>2009</u>	<u>2008</u>
<b>Liability, beginning of year</b>	<b>\$ 148,072</b>	<b>\$ 193,757</b>
Payment of claims during the year	(22,615)	(24,224)
HST payment	-	(21,461)
<b>Liability, end of year</b>	<b>\$ 125,457</b>	<b>\$ 148,072</b>

**6. Assessments**

A seller of prepaid funeral services is required to pay to the Fund an amount that is 1% - 5% of the cost of each prepaid funeral contract, based on the percentage of the seller's prepaid obligation held in trust. During the year, \$54,395 (2008 - \$67,280) was paid to the Fund.

**7. Financial instruments**

The Fund's financial instruments recognized on the balance sheet consist of accounts receivables, bank indebtedness, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

---

**8. Related party transactions**

The Fund is administered by employees of the Department of Government Services. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

**9. Income taxes**

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.



**CREDIT UNION DEPOSIT GUARANTEE CORPORATION**

**Financial Statements**

**Year Ended December 31, 2008**

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**AUDITOR'S REPORT**

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To the Directors of Credit Union Deposit Guarantee Corporation

I have audited the balance sheet of Credit Union Deposit Guarantee Corporation as at December 31, 2008 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, NL  
March 3, 2009

*Brian Scammell*

CHARTERED ACCOUNTANT

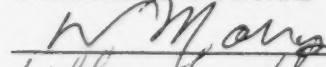
**Credit Union Deposit Guarantee Corporation**

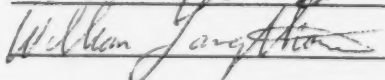
**Balance Sheet**

**December 31, 2008**

	2008	2007
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 6)	\$ 324,842	\$ -
Investments (Note 4)	4,902,662	5,870,372
Accounts receivable	641	6,248
Interest receivable	70,110	25,022
Harmonized sales tax recoverable	24,671	25,207
Prepaid expenses	4,050	3,496
	<b>5,326,976</b>	<b>5,930,345</b>
CAPITAL ASSETS (Note 5)	<b>23,573</b>	<b>29,246</b>
	<b>\$ 5,350,549</b>	<b>\$ 5,959,591</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ -	\$ 8,561
Accounts payable	71,299	489,131
	<b>71,299</b>	<b>497,692</b>
RETAINED EARNINGS	<b>5,279,250</b>	<b>5,461,899</b>
	<b>\$ 5,350,549</b>	<b>\$ 5,959,591</b>

ON BEHALF OF THE BOARD

 Director

 Director

**Credit Union Deposit Guarantee Corporation**  
**Statement of Income and Retained Earnings**  
**Year Ended December 31, 2008**

	2008	2007
<b>FEES</b>		
Assessments	\$ 904,402	\$ 866,558
Bonding insurance	317,924	285,054
Interest	213,081	254,251
Other	700	56,447
	<b>1,436,107</b>	<b>1,462,310</b>
<b>EXPENSES</b>		
Salaries and wages	466,356	394,992
Bonding insurance	268,600	234,385
Training	37,850	36,558
Travel	36,868	40,240
Rental	32,606	29,517
Office	20,917	20,009
Meetings and conventions	19,658	31,023
Telephone	10,845	10,273
Professional fees	8,285	34,689
Amortization	9,028	11,868
Advertising and promotion	8,956	9,747
Vehicle	8,882	6,611
Directors fees	7,420	5,385
Memberships	1,456	1,230
	<b>937,727</b>	<b>866,527</b>
<b>NET INCOME</b>	<b>498,380</b>	<b>595,783</b>
DEPOSIT GUARANTEE FUND BALANCE - BEGINNING OF YEAR	<b>5,461,899</b>	<b>5,298,655</b>
	<b>5,960,279</b>	<b>5,894,438</b>
Assistance to credit unions	<b>(681,029)</b>	<b>(432,539)</b>
<b>DEPOSIT GUARANTEE FUND BALANCE - END OF YEAR</b>	<b>\$ 5,279,250</b>	<b>\$ 5,461,899</b>

**Credit Union Deposit Guarantee Corporation**  
**Statement of Cash Flows**  
**Year Ended December 31, 2008**

	2008	2007
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 498,380	\$ 595,783
Item not affecting cash:		
Amortization of property, plant and equipment	9,028	11,868
	507,408	607,651
Changes in non-cash working capital:		
Accounts receivable	5,607	10,367
Interest receivable	(45,088)	(9,766)
Accounts payable	(417,832)	(50,501)
Prepaid expenses	(554)	701
Harmonized sales tax payable	536	21,779
	(457,331)	(27,420)
Cash flow from operating activities	50,077	580,231
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(3,355)	(1,028)
Redemption of investments	82,430,784	23,440,861
Purchase of investments	(81,463,074)	(24,618,060)
Cash flow from (used by) investing activities	964,355	(1,178,227)
<b>FINANCING ACTIVITY</b>		
Assistance to credit unions	(681,029)	(432,539)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	333,403	(1,030,535)
Cash (deficiency) - beginning of year	(8,561)	1,021,974
<b>CASH (DEFICIENCY) - END OF YEAR (Note 6)</b>	\$ 324,842	\$ (8,561)
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Notes to Financial Statements

Year Ended December 31, 2008

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### 1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 176 of the Credit Union Act.

The Corporation guarantees the deposits of members of credit unions in the Province of Newfoundland and Labrador. This guarantee is supported by investments held by the Corporation.

### 2. CHANGES IN ACCOUNTING POLICIES

#### *Financial Instruments*

The Canadian Institute of Chartered Accountants ("CICA") has issued Handbook Section 3862: Financial Instruments: Disclosures and Handbook Section 3863: Financial Instruments: Presentation, which implemented changes to accounting standards for disclosure for disclosure of financial instruments. The disclosure requires information to be presented on all categories of financial instruments, the nature and extent of risks associated with those financial instruments and how the Corporation manages those risks. These standards are effective for the 2008 fiscal year and are applied prospectively.

#### *Capital Management*

The CICA has also issued Handbook Section 1535: Capital Disclosures, which requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. This standard is effective for the 2008 fiscal year and is applied prospectively.

### 3. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### *Cash*

Cash consists of balances with banks.

#### *Financial instruments*

##### *Classification*

A financial instrument is a contract that establishes a financial asset for one party and a financial liability or equity instrument for the other party. CICA Handbook Section 3855 establishes a framework for the recognition and measurement of financial assets and financial liabilities. All financial instruments have been classified either based on the type of instrument or the Corporation's intention regarding the instrument, as described below:

##### *Held for Trading*

Financial assets classified as held for trading are typically acquired for resale prior to maturity or designated as held for trading. They are measured at fair value on the balance sheet. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income. Cash and cash equivalents have been classified as held-for-trading.

(continues)

# CREDIT UNION DEPOSIT GUARANTEE CORPORATION

## Notes to Financial Statements

Year Ended December 31, 2008

### 3. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities designated as held for trading are those non-derivative financial liabilities that the Corporation elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense. These are accounted for in the same manner as held for trading assets. The Corporation has not designated any non-derivative financial liabilities as held for trading.

#### *Held to Maturity*

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, that an entity has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. The Corporation has classified its investments as held to maturity.

#### *Available for Sale*

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held for trading, or held to maturity. Except as mentioned below, available for sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to other income. Available for sale financial assets that do not have quoted market prices in an active market are recorded at cost. Interest on interest bearing available for sale financial assets is calculated using the effective interest method. No financial assets have been classified as available for sale.

#### *Loans and Receivables*

Loans and receivables are recorded at amortized cost using the effective interest method. Amortized cost is a reasonable estimate of the fair value of these instruments.

#### *Other Liabilities*

Other liabilities, such as bank indebtedness and accounts payable and accrued liabilities, are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments. Amortized cost is a reasonable estimate of the fair value of these instruments.

#### *Transaction Costs*

Transaction costs are expensed as incurred.

#### *Fair Values*

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an open market, the Corporation determines fair values based on internal or external valuation models such as discounted cash flow analysis or using observable market-based inputs.

#### *Effective Interest Method*

The Corporation uses the effective interest method to recognize interest income or expense, premiums or discounts earned or incurred for financial instruments.

(continues)

## CREDIT UNION DEPOSIT GUARANTEE CORPORATION

### Notes to Financial Statements

Year Ended December 31, 2008

#### 3. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

##### *Capital assets*

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Motor vehicles	30%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The company regularly reviews its capital assets to eliminate obsolete items.

##### *Severance pay*

Severance pay, which is included with accounts payable and accrued liabilities, is accrued for all employees for whom the right to such compensation is vested.

##### *Revenue recognition*

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland & Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a \$60,000 fee that is allocated to the Newfoundland and Labrador credit unions based on a pre-determined formula.

##### *Assistance to credit unions*

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors has assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent on future events. The amount of actual assistance paid and possible future assistance is disclosed in the financial statements.

##### *Pension costs*

Employees of the Corporation other than the Executive Director are included in the Public Service Pension Plan of the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pension are recognized in the accounts on a current basis. Contributions to this plan totalled \$21,751 (2007-\$18,942).

The Corporation also contributed to a private registered retirement savings plan for the Executive Director based on a percentage of his annual salary. Contributions to this plan totalled \$5,923 (2007-\$5,613.)

##### *Future income taxes*

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

(continues)



**CREDIT UNION DEPOSIT GUARANTEE CORPORATION****Notes to Financial Statements****Year Ended December 31, 2008****3. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)***Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**4. INVESTMENTS**

	2008	2007
Credit Union Central of Nova Scotia shares	\$ 1,000	\$ 1,000
Newfoundland & Labrador Credit Union share	100	100
Concentra Financial, 1.25%	101,552	1,004,272
Concentra Financial, 4.85%	-	1,065,000
Concentra Financial, 5.00%	-	3,800,000
Concentra Financial, 3.75%	4,800,000	-
Concentra shares	10	-
	<b>\$ 4,902,662</b>	<b>\$ 5,870,372</b>

**5. CAPITAL ASSETS**

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Motor vehicles	\$ 28,733	\$ 16,238	\$ 12,495	\$ 17,850
Computer equipment	70,902	61,818	9,084	8,903
Furniture and fixtures	24,643	22,649	1,994	2,493
	<b>\$ 124,278</b>	<b>\$ 100,705</b>	<b>\$ 23,573</b>	<b>\$ 29,246</b>

**6. CASH (BANK INDEBTEDNESS)**

	2008	2007
Cash	\$ 324,842	\$ -
Bank indebtedness	-	(8,561)
	<b>\$ 324,842</b>	<b>\$ (8,561)</b>

**7. CAPITAL MANAGEMENT**

The Corporation's objectives with respect to capital management are to safeguard the entity's ability to continue as a going concern so that it can continue to operate as a deposit insurance provider for the Newfoundland & Labrador credit unions, including the provision of stabilization funds as needed.

The Corporation defines its capital as the balance in the Deposit Guarantee Fund Balance; the changes in this balance for 2008 are presented in the Statement of Income and Fund Balance.

## **CREDIT UNION DEPOSIT GUARANTEE CORPORATION**

### **Notes to Financial Statements**

**Year Ended December 31, 2008**

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#### **8. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Corporation's financial instruments are comprised of cash, investments, receivables and accounts payable.

Cash is reported at fair value on the balance sheet. Receivables and accounts payable are reported at amortized cost which approximates fair value due to their short term nature. Investments are reported at amortized cost using the effective interest method which approximates their fair value.

#### **9. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS**

The Corporation is exposed to the following risks as a result of holding financial instruments: credit risk, market risk and liquidity risk. The following is a description of those risks and how the Corporation manages the exposure to them.

##### ***Credit Risk***

Credit risk is the risk that a financial loss will occur due to the failure of a counterparty to discharge its contractual commitment or obligation to the Corporation. Credit risk may arise principally through its investments included in the Corporation's asset portfolio.

The Corporation manages this risk by making investments in accordance with the investment policy established by the Board of Directors which permits the Corporation to invest in high quality, liquid short-term investments. Equity investments are not permitted.

##### ***Market Risk***

Market risk arises from changes in interest rates on investments in its portfolio that affect the Corporation's net interest income. The Corporation's goal is to maximize its return on these portfolios, without taking unreasonable risk and retaining a high degree of liquidity.

The Corporation manages this risk by investing in securities that are not susceptible to significant changes in rates of return to the Corporation caused by changes in market values of the investments.

##### ***Liquidity Risk***

Liquidity risk is the risk of having insufficient financial resources to meet the Corporation's funding requirements.

The Corporation's liquidity policies and practices include the measurement and forecast of cash flows and maintenance of a pool of high quality liquid assets.

#### **10. CONTINGENT LIABILITY**

The Corporation has provided a deficiency guarantee to Eagle River Credit Union Limited in respect to certain loans outstanding in its accounts which arose from the acquisition of the net assets of Labrador Savings Credit Union Limited. There are 3 remaining loans guaranteed by the Corporation to Eagle River Credit Union Limited as a result of the amalgamation with Labrador Savings Credit Union Limited. At December 31, 2008, the balance of the guarantee is \$150,616 (2007 - \$702,670). Net payouts paid or payable by the Corporation under the guarantee for the year ended December 31, 2008 totalled \$281,029 (2007-\$152,539).

**CREDIT UNION DEPOSIT GUARANTEE CORPORATION****Notes to Financial Statements****Year Ended December 31, 2008**

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**11. COMMITMENTS**

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is \$30,895.

**12. INCOME TAXES**

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

<b>Year of Expiry</b>	<b>Amount</b>
2009	\$ 319,521
2010	463,065
2014	438,667
2015	362,558
2026	350,333
2027	255,907
2028	387,654
	<hr/>
	\$ 2,577,705

The undepreciated capital cost for income tax purposes of the Corporation's depreciable assets exceeds the net book value by \$101,105.

The potential income tax benefits associated with these items have not been recognized in the financial statements

Credit union assessments and assistance are excluded from the calculation of taxable income.



**DIRECTOR OF SUPPORT ENFORCEMENT**

**FINANCIAL STATEMENTS**

**31 MARCH 2009**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

**AUDITOR'S REPORT**

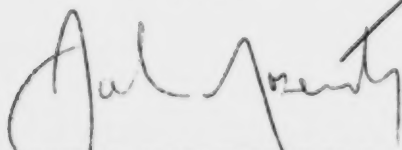
To the Director of Support Enforcement  
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2009 and the statement of receipts and disbursements for the year then ended. These financial statements have been prepared to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2009 and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Director of Support Enforcement and the Government of Newfoundland and Labrador to meet their information needs under Section 9 of the *Support Orders Enforcement Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.



**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
12 June 2009

**DIRECTOR OF SUPPORT ENFORCEMENT****BALANCE SHEET****31 March****2009****2008****ASSETS**

Cash	\$ 701,056	\$ 635,254
Accounts receivable (Note 2)	19,428,737	19,920,996
Other receivables (Note 3)	15,417	3,915
	<u>\$ 20,145,210</u>	<u>\$ 20,560,165</u>

**LIABILITIES**

Accounts payable (Note 4)	\$ 20,119,637	\$ 20,539,021
Other payables (Note 5)	25,573	21,144
	<u>\$ 20,145,210</u>	<u>\$ 20,560,165</u>

*See accompanying notes*

Signed:

  
\_\_\_\_\_  
Director

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**STATEMENT OF RECEIPTS AND DISBURSEMENTS**  
**For the Year Ended 31 March**

**2009**

**2008**

**RECEIPTS**

Regular support	\$ 28,931,271	\$ 26,650,301
Out-of-system support	953,729	575,498
	<u>29,885,000</u>	<u>27,225,799</u>

**DISBURSEMENTS**

Regular support	28,432,747	26,213,951
Out-of-system support	953,729	575,498
Other payments	432,722	369,008
	<u>29,819,198</u>	<u>27,158,457</u>
Excess of receipts over disbursements	65,802	67,342
Cash, beginning of year	635,254	567,912
Cash, end of year	\$ 701,056	\$ 635,254

*See accompanying notes*



**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

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**Authority**

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act*. Under this *Act*, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Reciprocal Enforcement of Support Orders Act*.

**1. Basis of accounting**

These financial statements have been prepared by the Director in accordance with the significant accounting policies set out below to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Director are reflected in these statements.

**Significant accounting policies**

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

**(a) Administrative expenditures**

The Director of Support Enforcement, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

**(b) Assets and liabilities**

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

**(c) Receipts and disbursements**

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

**DIRECTOR OF SUPPORT ENFORCEMENT**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

**2. Accounts receivable**

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

	2009	2008
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 8,688,938	\$ 9,038,582
Debtor in receipt of social assistance	1,805,702	2,020,578
Stay of enforcement in place	2,047,136	1,780,823
	12,541,776	12,839,983
Enforceable support orders	6,886,961	7,081,013
	\$ 19,428,737	\$ 19,920,996

**3. Other receivables**

Other receivables \$15,417 (2008 - \$3,915) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

**4. Accounts payable**

Accounts payable is comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2009	2008
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 8,688,938	\$ 9,038,582
Debtor in receipt of social assistance	1,805,702	2,020,578
Stay of enforcement in place	2,047,136	1,780,823
	12,541,776	12,839,983
Enforceable support orders	7,577,861	7,699,038
	\$ 20,119,637	\$ 20,539,021

# **DIRECTOR OF SUPPORT ENFORCEMENT**

## **NOTES TO FINANCIAL STATEMENTS**

**31 March 2009**

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### **5. Other payables**

Other payables of \$25,573 (2008 - \$21,144) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

### **6. Related party transactions**

The Director of Support Enforcement operates as a division of the Department of Justice. Expenses of approximately \$870,250 (2008 - \$736,750) related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect these expenditures.

During the year the Director paid approximately \$2.4 million (2008 - \$2.4 million) to the Department of Human Resources, Labour and Employment related to support payments collected on behalf of individuals receiving social assistance.

### **7. Financial instruments**

The Director's financial instruments recognized on the balance sheet consist of cash, accounts receivable, other receivables, accounts payable and other payables. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

### **8. Income taxes**

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.



**DISCOVERY HEALTH CARE FOUNDATION**

**AUDITORS' REPORT**

**FINANCIAL STATEMENTS – MARCH 31, 2007**

AUDITORS' REPORT

To the Board of Directors of the  
Discovery Health Care Foundation Inc.

We have audited the balance sheet of the **Discovery Health Care Foundation Inc.** as at March 31, 2007 and the statements of operations and changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Walters HOFFE*  
Chartered Accountants

Gander, Newfoundland

June 21, 2007

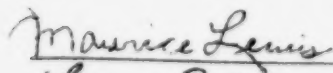
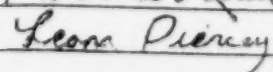
# DISCOVERY HEALTH CARE FOUNDATION INC.

## Balance Sheet

March 31, 2007	2007	2006
<b>Assets</b>		
Current assets		
Cash	\$ 298,780.00	152,652.00
Receivables	<u>956.00</u>	<u>919.00</u>
Total current assets	299,736.00	153,571.00
Property, plant and equipment (Note 8)	<u>135.00</u>	<u>840.00</u>
	<u>299,871.00</u>	<u>154,411.00</u>
<b>Liabilities</b>		
Current liabilities		
Payables and accruals	35,103.00	27,944.00
Accrued severance pay	<u>9,761.00</u>	<u>-</u>
	<u>44,864.00</u>	<u>27,944.00</u>
<b>Net assets</b>		
Net assets, per accompanying statement	<u>255,007.00</u>	<u>126,467.00</u>
	<u>\$ 299,871.00</u>	<u>154,411.00</u>

See accompanying notes

Approved:

 Chairperson  
 Secretary-Treasurer

Subject to the accompanying Auditors' Report

DISCOVERY HEALTH CARE FOUNDATION INC.

Statement of Operations and Changes in Net Assets

Year ended March 31, 2007	2007	2006
Revenue:		
Donations	\$ 292,195	227,615
50/50 lotto	3,463	6,572
Interest	<u>1,634</u>	<u>1,998</u>
	<u>297,292</u>	<u>236,185</u>
Expenditure:		
Amortization	705	371
Donations (Note 4)	44,175	29,679
Fundraising projects	18,669	13,834
Miscellaneous	2,506	1,982
Office	364	503
Travel, conferences and meetings	3,986	2,778
Wages and benefits	<u>88,586</u>	<u>77,727</u>
	<u>158,991</u>	<u>126,874</u>
Excess of revenue over expenditure, before accrued severance pay	138,301	109,311
Accrued severance pay - net	<u>9,761</u>	<u>-</u>
Excess of revenue over expenditure	128,540	109,311
Net assets, beginning	<u>126,467</u>	<u>17,156</u>
Net assets, ending	<u>\$ 255,007</u>	<u>126,467</u>



DISCOVERY HEALTH CARE FOUNDATION INC.

Statement of Cash Flow

Year ended March 31, 2007

	2007	2006
Cash flows:		
Operations:		
Excess of revenue over expenditure	\$ 128,540	109,311
Amortization	<u>705</u>	<u>371</u>
	129,245	109,682
Changes in:		
Receivables	( 37)	1,691
Payables and accruals	7,159	4,593
Payable to Eastern Regional Integrated Health Authority re capital donations	-	( 80,074)
Accrued severance pay	<u>9,761</u>	<u>-</u>
Net cash provided	146,128	35,692
Cash:		
Beginning	<u>152,652</u>	<u>113,760</u>
Ending	<u>\$ 298,780</u>	<u>152,652</u>

# DISCOVERY HEALTH CARE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2007

### 1. Nature of operations:

The Foundation is a not-for-profit organization which raises funds to help support the Eastern Regional Integrated Health Authority and is incorporated under the Corporations Act of Newfoundland and Labrador.

### 2. Significant accounting policies:

#### *Pledges*

Revenue from pledges is recognized in the year received since donations are recorded on the cash basis.

#### *Amortization*

Amortization of computer software and equipment is recorded on the straight line method over five years.

### 3. Property, plant and equipment:

	2007		2006
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer software	\$ 3,527	3,392	135
Computer equipment	<u>655</u>	<u>655</u>	<u>-</u>
	<u>\$ 4,182</u>	<u>4,047</u>	<u>135</u>

### 4. Donations:

	<u>2007</u>	<u>2006</u>
Infant warmer	\$ 37,939	-
Lift scale	-	12,496
OBS - Heart monitor	-	4,899
- Pulse otimeter	-	4,259
- Lockers	-	3,556
- Other	-	524
Palliative care - 2 recliners	-	3,795
- cushions	1,792	-
Sunshine Manor - mattresses	1,730	-
- chair	597	-
Digital piano	1,712	-
Other	<u>405</u>	<u>150</u>
	<u>\$ 44,175</u>	<u>29,679</u>

DISCOVERY HEALTH CARE FOUNDATION INC.

Notes to the Financial Statements

March 31, 2007

---

5. Income tax status:

The Foundation is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.



**Deloitte.**

*Financial Statements of*

**DISCOVERY HEALTH CARE  
FOUNDATION INC.**

*March 31, 2009*

## Auditors' Report

To the Board of Directors of  
Discovery Health Care Foundation Inc.

We have audited the statement of financial position of Discovery Health Care Foundation Inc. (the "Foundation") as at March 31, 2009 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited by another firm of chartered accountants who issued their report dated June 5, 2008.

*Deloitte & Touche LLP*

Chartered Accountants  
July 26, 2009

**DISCOVERY HEALTH CARE FOUNDATION INC.****Statement of Operations and Changes in Net Assets**

Year ended March 31, 2009

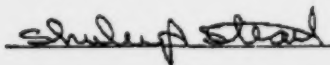
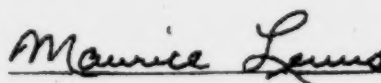
	2009	2008
	\$	\$
<b>Revenue</b>		
Fundraising programs		
Donations	269,191	297,149
50/50 lotto	4,828	3,882
	274,019	301,031
Interest	10,637	6,496
	284,656	307,527
<b>Expenditures</b>		
Salaries and benefits	94,337	91,756
Fundraising programs	20,042	14,209
Donations (Note 4)	10,564	400,537
Travel, conferences and meeting	4,717	5,564
Administration	3,231	2,997
Miscellaneous	644	1,085
Amortization	-	135
	133,535	516,283
Excess of revenue over expenditures (expenditures over revenue) before undernoted item	151,121	(208,756)
Increase in severance pay accrual	2,122	6,822
Excess of revenue over expenditures (expenditures over revenue)	148,999	(215,578)
Net assets, beginning of year	39,429	255,007
Net assets, end of year	188,428	39,429

**DISCOVERY HEALTH CARE FOUNDATION INC.****Statement of Financial Position**

March 31, 2009

	2009	2008
	\$	\$
<b>Assets</b>		
Current assets		
Cash	147,919	99,046
Guaranteed investment certificates - cashable	169,252	168,585
Accounts receivable	1,784	-
	<u>318,955</u>	<u>267,631</u>
<b>Liabilities</b>		
Current liabilities		
Due to Eastern Regional Health Authority	102,068	202,281
Accounts payable and accrued liabilities	9,754	9,338
	<u>111,822</u>	<u>211,619</u>
Accrued severance pay	18,705	16,583
	<u>130,527</u>	<u>228,202</u>
<b>Net assets</b>		
Net assets	188,428	39,429
	<u>318,955</u>	<u>267,631</u>

Approved on behalf of the Board:

 Director Director



**DISCOVERY HEALTH CARE FOUNDATION INC.****Statement of Cash Flows**

Year ended March 31, 2009

	2009	2008
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenditures (expenditures over revenue)	148,999	(215,578)
Adjustments for:		
Amortization	-	135
Accrued severance pay	2,122	6,822
	151,121	(208,621)
Changes in non-cash operating working capital		
Accounts receivable	(1,784)	956
Due to Eastern Regional Health Authority	(100,213)	202,281
Accounts payable and accrued liabilities	416	(25,765)
	49,540	(31,149)
<b>Investing activity</b>		
Change in guaranteed investment certificates - cashable	(667)	56,415
Net change in cash	48,873	25,266
Cash, beginning of year	99,046	73,780
Cash, end of year	147,919	99,046

# DISCOVERY HEALTH CARE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2009

---

### 1. NATURE OF OPERATIONS

Discovery Health Care Foundation Inc. (the "Foundation") is a not-for-profit organization which raises funds for the Eastern Regional Health Authority and is incorporated under the Corporations Act of Newfoundland and Labrador.

As a not-for-profit organization, the Foundation is exempt from tax.

### 2. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2008 the Foundation adopted the Canadian Institute of Chartered Accountants' ("CICA") new accounting standards related to "Capital Disclosures" (Section 1535), and "General Standards of Financial Statement Presentation" (Section 1400).

#### *Capital Disclosures*

CICA Section 1535 "Capital Disclosures" establishes standards for disclosure of information about the Foundation's capital and capital management, including the Foundation's objectives and processes of managing capital, quantitative data about what the Foundation regards as capital, whether the Foundation has complied with any externally imposed capital requirements, and if it has not complied, the consequences of such non-compliance. The adoption of this standard had no effect on the Foundation's financial position, operations or cash flows and these disclosures have been included in Note 6.

#### *General Standards of Financial Statement Presentation*

CICA Section 1400 "General Standards of Financial Statement Presentation" provides additional guidance related to management's assessment of the Foundation's ability to continue as a going concern. The Foundation's current disclosures meet the reporting requirements of this section.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

#### *Cash*

Cash includes cash on hand and balances with banks.

#### *Capital assets*

Capital assets are recorded at cost and amortized on a declining balance basis over ten years to write off the cost of capital assets over their useful lives.

**DISCOVERY HEALTH CARE FOUNDATION INC.**  
**Notes to the Financial Statements**  
March 31, 2009

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**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

*Accrued severance pay*

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

*Revenue recognition*

Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received.

*Pension costs*

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis.

*Financial instruments*

Financial assets and liabilities are generally classified and measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Guaranteed investment certificates - cashable	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Due to Eastern Regional Health Authority	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

The Foundation has determined that it does not have derivatives or embedded derivatives.

# DISCOVERY HEALTH CARE FOUNDATION INC.

## Notes to the Financial Statements

March 31, 2009

### 4. DONATIONS

	2009	2008
	\$	\$
Bonavista - shelter and BBQ	6,486	-
Sunshine Manor - chair	1,325	1,209
Sunshine Manor - pictures	1,299	-
Chair - OBS	1,236	-
DVD player - OBS	218	-
Newborn hearing screener	-	19,728
Bonavista - chairs	-	29,142
Clarendville - stretchers	-	7,980
Toys for emergency	-	486
Blanket warmer	-	2,986
Furniture for pediatric room	-	5,208
Vital signs monitor	-	1,300
Camera	-	513
Ultrasound unit	-	330,331
Oxygen unit	-	1,369
Other	-	285
	10,564	400,537

### 5. RELATED PARTY TRANSACTIONS

The Foundation operates for the purpose of accumulating funds to assist Eastern Regional Health Authority with the purchase of medical equipment used in the provision of patient care. Transactions between these related parties are measured at their exchange value.

### 6. CAPITAL MANAGEMENT

The capital structure of the Foundation consists of net assets. The Foundation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Foundation is not subject to externally imposed capital requirements.

## DISCOVERY HEALTH CARE FOUNDATION INC.

### Notes to the Financial Statements

March 31, 2009

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#### 7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### *Financial risk factors*

The Foundation has exposure to credit risk and liquidity risk. The Foundation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Foundation's policies on an ongoing basis to ensure that these risks are appropriately managed. The sources of risk exposure and how each is managed are outlined below.

##### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Foundation's credit risk is primarily attributable to accounts receivable. Management believes that the credit risk with respect to accounts receivable is not significant.

##### *Liquidity risk*

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. As at March 31, 2009 the Foundation had cash of \$147,919.

To the extent that the Foundation does not believe that it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party financing or other fundraising methods, assuming these can be obtained.

##### *Fair value*

The fair value of the Foundation's short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.





*Combined Financial Statements of*

**EASTERN REGIONAL HEALTH  
AUTHORITY – OPERATING FUND**

*March 31, 2009*



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## Auditors' Report

To the Board of Trustees of  
Eastern Regional Health Authority

We have audited the combined statement of financial position of Eastern Regional Health Authority -- Operating Fund as at March 31, 2009 and the combined statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended March 31, 2008 were audited by another firm of chartered accountants who issued their opinion without reservation dated June 6, 2008.

*Deloitte & Touche LLP*

Chartered Accountants  
June 8, 2009



# EASTERN REGIONAL HEALTH AUTHORITY

## Combined Statement of Operations

Year Ended March 31, 2009

(in thousands of dollars)

	2009	2008
	\$	\$
<b>Revenue</b>		
Provincial plan	961,294	870,052
MCP	51,998	45,913
Inpatient	9,358	10,461
Resident	16,132	16,183
Outpatient	7,876	6,577
Other	35,659	31,294
	<b>1,082,317</b>	<b>980,480</b>
<b>Expenditures</b>		
Administration	96,361	86,473
Support	133,491	119,889
Patient and resident services	292,638	273,107
Ambulatory care	98,019	95,289
Diagnostic and therapeutic	139,305	126,040
Client services	208,033	176,753
Medical services	73,107	64,124
Research and education	14,923	13,285
Interest on long-term debt	10,005	10,048
Other	12,902	11,079
	<b>1,078,784</b>	<b>976,087</b>
<b>Surplus on operations</b>	<b>3,533</b>	<b>4,393</b>
<b>Adjustments for non-shareable items:</b>		
Amortization of deferred capital contributions	14,886	18,324
Amortization of capital assets	(24,961)	(25,228)
Interest on sinking fund	493	462
Accrued vacation	(3,790)	(4,670)
Accrued severance	(6,804)	(3,848)
<b>Excess of expenditures over revenue</b>	<b>(16,643)</b>	<b>(10,567)</b>

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Statement of Changes in Fund Balances**

Year Ended March 31, 2009

(in thousands of dollars)

	2009		2008	
	Net Investment in Capital Assets	Operating Fund	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	60,403	(201,255)	(140,852)	(130,285)
Excess of expenditures over revenue	-	(16,643)	(16,643)	(10,567)
Principal portion of capital leases	524	(524)	-	-
Repayment of long-term debt	2,261	(2,261)	-	-
Increase in sinking fund	1,241	(1,241)	-	-
Amortization of deferred capital contributions	14,886	(14,886)	-	-
Amortization of capital assets	(24,961)	24,961	-	-
<b>Balance, end of year</b>	<b>54,354</b>	<b>(211,849)</b>	<b>(157,495)</b>	<b>(140,852)</b>

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Statement of Financial Position**  
Year Ended March 31, 2009  
(in thousands of dollars)

	2009	2008
	\$	\$
<b>Assets</b>		
Current assets		
Cash and temporary investments	16,503	4,602
Accounts receivable (Note 5)	78,303	46,150
Supplies inventory	7,836	7,413
Prepaid expenses	3,720	4,180
	106,362	62,345
Deferred charges	188	291
Capital assets (Note 6)	295,316	293,730
General Hospital Hostel Association loan (Note 7)	1,736	1,852
Trust funds (Note 8)	2,417	2,759
	406,019	360,977
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	108,127	94,036
Accrued vacation pay	37,413	33,623
Current portion of long-term debt (Note 10)	2,462	2,265
Current portion of obligation under capital leases	-	524
Current portion of accrued severance pay	6,019	5,500
Deferred revenue - operating	38,151	27,551
Deferred revenue - capital	33,944	14,837
	226,116	178,336
Long-term debt (Note 10)	137,740	140,248
Accrued severance pay	96,481	90,196
Deferred capital contributions (Note 11)	100,760	90,290
Trust funds (Note 8)	2,417	2,759
	563,514	501,829
Contingencies (Note 13)		
Commitments (Note 14)		
<b>Net deficiency</b>		
Operating fund	(211,849)	(201,255)
Net investment in capital assets	54,354	60,403
	(157,495)	(140,852)
	406,019	360,977

# EASTERN REGIONAL HEALTH AUTHORITY

## Combined Statement of Cash Flows

Year Ended March 31, 2009

(in thousands of dollars)

	2009	2008
	\$	\$
<b>Operating activities</b>		
Excess of expenditures over revenue	(16,643)	(10,567)
Adjustments for:		
Amortization of capital assets	24,961	25,228
Amortization of deferred capital contributions	(14,886)	(18,324)
Increase in severance pay accrual	6,804	3,848
Decrease in deferred charges	103	104
Changes in non-cash operating working capital (Note 12)	15,472	6,530
	15,811	6,819
<b>Investing activities</b>		
Construction and purchase of capital assets	(26,547)	(31,762)
Repayment of advance to General Hospital Hostel Association	116	114
	(26,431)	(31,648)
<b>Financing activities</b>		
Proceeds from long-term debt	1,191	1,809
Repayment of long-term debt	(2,261)	(1,823)
Sinking fund payments	(1,241)	(1,209)
Repayment of obligations under capital leases	(524)	(704)
Capital asset contributions	25,356	29,953
	22,521	28,026
Net increase in cash resources	11,901	3,197
Cash, beginning of year	4,602	1,405
Cash, end of year	16,503	4,602

# **EASTERN REGIONAL HEALTH AUTHORITY**

## **Notes to the Financial Statements**

March 31, 2009

(tabular amounts expressed in thousands of dollars)

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### **1. NATURE OF OPERATIONS**

The Eastern Regional Health Authority ("Eastern Health" or "the Authority") was created on April 1, 2005 to assume the responsibility of governance for health services in the Eastern Region of Newfoundland and Labrador.

The mandate of Eastern Health spans the full health continuum including primary and secondary level health and community services for the Eastern Region (Avalon, Bonavista and Burin Peninsulas, west to Port Blandford) as well as tertiary and other provincial programs/services for the whole Province. The organization also has a mandate to work to improve the overall health of the population through its focus on public health as well as on health promotion and prevention initiatives. Services are both community and institutional based. In addition to the provision of comprehensive health care services, Eastern Health also provides education and research in partnership with all stakeholders.

Eastern Health is a registered charity and, while registered, is exempt from tax.

### **2. CHANGE IN ACCOUNTING POLICIES**

Effective April 1, 2008 the Authority adopted the Canadian Institute of Chartered Accountants' ("CICA") new accounting standards related to "Capital Disclosures" (Section 1535), "Inventories" (Section 3031) and "General Standards of Financial Statement Presentation" (Section 1400).

#### *Capital Disclosures*

CICA Section 1535 "Capital Disclosure" establishes standards for disclosure of information about the Authority's capital and capital management, including the Authority's objectives and processes of managing capital, quantitative data about what the Authority regards as capital, whether the Authority has complied with any externally imposed capital requirements, and if it has not complied, the consequences of such non-compliance. The adoption of this standard had no effect on the Authority's financial position, operations or cash flows and these disclosures have been included in Note 16.

#### *General Standards of Financial Statement Presentation*

CICA Section 1400 "General Standards of Financial Statement Presentation" provides additional guidance related to management's assessment of the Authority's ability to continue as a going concern. The Authority's current disclosures meet the reporting requirements of this section.

#### *Inventories*

The Authority adopted the recommendations of CICA Handbook Section 3031 on inventories which provides guidance on determination of cost of inventories and its subsequent recognition as an expense, and includes additional disclosure requirements. The new Section also requires to account for the reversal of write-downs previously recognized when there is a subsequent increase in the value of inventories. This accounting policy, which was adopted as of April 1, 2008, as applied retroactively and resulted in no restatement to comparative figures.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles. The more significant accounting policies of the Authority are as follows:

#### *Basis of presentation*

These financial statements include the assets, liabilities, revenues, and expenditures of the operating fund.

#### *Fund accounting*

The Authority applies fund accounting principles in recording its financial transactions in the Operating Fund or net investment in capital assets.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditures of the Authority related to the provision of health care services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

The net investment in capital assets represents assets purchased for the use of the operating fund.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

#### *Inventory*

Inventory is valued at average cost, determined on a first-in first-out basis.

#### *Capital assets*

Capital assets are recorded at cost, although title to certain of these assets rests with the Government of Newfoundland and Labrador (the "Government"). Contributed capital assets are recorded at their estimated fair market value at the date of contribution. Minor equipment purchases are charged to operations in the year of acquisition.

Amortization is calculated on a straight-line basis and declining balance basis at the rates set out below. It is expected that these rates will charge operations with the total cost of the assets less estimated salvage value over the useful life of the assets.

Buildings and renovations	2% - 5%
Equipment	15% - 20%
Equipment under capital leases	14.3% - 25%
Land improvements	10% - 20%
Leasehold improvements	10% - 20%

Gains and losses on disposal of individual assets are recognized in income in the year of disposal.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Capital assets (continued)*

Construction in progress is not amortized until the project is substantially complete at which time the project costs are transferred to buildings and renovations and amortized accordingly.

#### *Impairment of long-lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

#### *Capital and operating leases*

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other similar capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

#### *Capital contributions*

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis and using the same rates as the amortization expense related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

#### *Accrued vacation pay*

Vacation pay is accrued for all employees as entitlement to these payments is earned.

#### *Accrued severance pay*

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service with the Board or another public sector employer, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

#### *Revenue recognition*

Provincial plan revenues are recognized in the period in which entitlement arises. MCP, inpatient, outpatient and residential revenues are recognized in the period services are provided. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Revenue recognition (continued)*

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Authority is reimbursed by the Department for the total of its operating costs, after deduction of specified revenue and expenditures, to the extent of the approved budget.

#### *Pension costs*

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Authority. The annual contributions for pensions are recognized as an expense in the accounts on a current basis.

#### *Debenture discount and commission*

The debenture discount and financing fees are amortized on a straight-line basis over the term of the debenture.

#### *Sinking funds*

Sinking funds established for the retirement of debentures are held and administered in trust by the Government of Newfoundland and Labrador.

#### *Deferred charges*

Deferred charges include costs incurred relating to an energy performance contract as disclosed in Note 14. The deferred charges are being amortized over the 9.75 year life of the energy performance contract.

#### *Contributed services*

A substantial number of volunteers contribute a significant amount of their time each year to assist Eastern Health in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

#### *Financial instruments*

Financial assets and liabilities are classified according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. The fair value of a financial instrument is the estimated amount that would be received or would be paid to terminate the instrument's agreement at the reporting date. Various market value data and other valuation techniques are used as appropriate to estimate the fair value of each type of financial instrument. The carrying value of cash is considered its fair value.



# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Financial instruments (continued)*

Financial assets and liabilities are generally classified and measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash and cash equivalents	Held for trading	Fair value
Accounts receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts do not meet the criteria to be considered financial instruments.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

#### *Future accounting standards*

In December 2006, CICA issued new Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation", which established standards for the presentation and disclosure of financial instruments and non-financial derivatives.

Following a decision by CICA that permits the application of Section 3861, "Financial Instruments -- Disclosure and Presentation", in place of Section 3862 and 3863, the Authority has decided to continue to apply Section 3861.

#### *Not-for-profit organizations*

In September 2008, the CICA amended the introduction to accounting standards that apply only to not-for-profit organizations as outlined in the Section 4400 series of CICA Handbook (the "Handbook") as well as consequently changes to other sections of the Handbook.

These new standards are effective for the Authority on April 1, 2009. The Authority's management does not expect the application of these standards will have a material impact on its financial statements.

# **EASTERN REGIONAL HEALTH AUTHORITY**

## **Notes to the Financial Statements**

March 31, 2009

(tabular amounts expressed in thousands of dollars)

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### **4. CONTROL OF NOT-FOR-PROFIT ENTITIES**

The Authority controls the Health Care Foundation of St. John's Inc., Janeway Children's Hospital Foundation, Ever Green Environmental Corporation, Trinity-Conception-Placentia Health Foundation Inc., Burin Peninsula Health Care Foundation Inc., Discovery Health Foundation Inc. and the Dr. H. Bliss Murphy Cancer Care Foundation. These Foundations raise funds from the community for the capital equipment needs of the Authority. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Authority also controls the General Hospital Hostel Association, Northwest Rotary-Janeway Hostel Corporation, Lions Manor Inc., TCRHB Housing Complex Inc., Blue Crest Cottages and Golden Heights Manor Cottages. These entities were established to provide accommodations for family members of patients and housing to senior citizens.

Eastern Health has memoranda of understanding/governance agreements with the following nursing home owner/operators ("homes") in the region:

- Masonic Park – Nursing Home
- Saint Luke's Homes (A Division of Anglican Home Inc.)
- St. Patrick's Mercy Home
- The Agnes Pratt Home
- The Salvation Army Glenbrook Lodge
- The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador
- Clarke's Beach Senior Citizen's Home

Eastern Health is responsible for policy direction, distribution of operating funds and capital grants, and providing certain services to homes, which are individually controlled entities. Ultimate ownership of assets and liabilities rests with the individual homes or the respective governing bodies.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

### 4. CONTROL OF NOT-FOR-PROFIT ENTITIES (Continued)

The above not-for-profit entities have not been consolidated in the Authority's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2009 and 2008 and for the years then ended are as follows (in thousands of dollars):

	Foundations		Hostels and Cottages		Nursing Homes	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
<b>Financial position</b>						
Total assets	13,907	11,003	11,968	12,569	24,436	21,992
Total liabilities	4,231	3,032	12,172	12,728	39,715	36,857
Total net assets	9,677	7,970	(204)	(159)	(15,279)	(14,865)
	13,908	11,003	11,968	12,569	24,436	21,992
<b>Results of Operations</b>						
Total revenues	9,883	8,454	2,191	2,227	54,955	49,981
Total expenditures	8,120	7,760	2,237	2,237	55,685	50,197
Excess of revenues over expenditures (expenditures over revenue)	1,763	694	(46)	(10)	(730)	(216)
<b>Cash Flows</b>						
Cash from operations	2,003	1,313	440	861	408	645
Cash used in financing and investing activities	(1,333)	(1,021)	(506)	(479)	(865)	(824)
Increase (decrease) in cash	670	292	(66)	382	(457)	(179)

### 5. ACCOUNTS RECEIVABLE

	2009	2008
	\$	\$
Government of Newfoundland and Labrador	42,840	19,985
Services to patients, residents and clients	14,304	15,839
Other	21,159	10,326
	78,303	46,150

# **EASTERN REGIONAL HEALTH AUTHORITY**

## **Notes to the Financial Statements**

March 31, 2009

(tabular amounts expressed in thousands of dollars)

### **6. CAPITAL ASSETS**

	<b>2009</b>		<b>2008</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land and land improvements	2,810	455	2,355	2,374
Buildings and renovations	345,489	129,746	215,743	216,299
Equipment	336,801	276,766	60,035	60,263
Equipment under capital leases	15,032	14,450	582	1,062
Construction in progress	16,601	-	16,601	13,732
	<b>716,733</b>	<b>421,417</b>	<b>295,316</b>	<b>293,730</b>

### **7. GENERAL HOSPITAL HOSTEL ASSOCIATION LOAN**

The loan is repayable to the Authority in monthly instalments of principal and interest of \$12,647 at an interest rate of prime minus 1.75%. The loan matures April 2023. The loan is net of the current portion of \$115,943.

### **8. TRUST FUNDS**

Funds belonging to residents, patients and clients of the Authority are being held in trust for the benefit of the residents, patients and clients.

### **9. BANK INDEBTEDNESS**

The Authority has access to lines of credit totaling \$64,000,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution. The authority to borrow has been approved by the Minister of Health and Community Services.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

### 10. LONG-TERM DEBT

	2009	2008
	\$	\$
Sinking Fund Debenture, Series HCCI, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15	130,000	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan for 15 year term maturing May 2014, payable in monthly instalments of principal and interest of \$101,670 and is unsecured	5,403	6,264
Royal Bank of Canada (Veterans Pavilion), 4.18% term loan for 5 year term maturing April 2013, payable in monthly instalments of principal and interest of \$55,670 and is unsecured	2,503	1,809
Bank of Montreal, 3.82% loan for 5 year term maturing June, 2010, payable in monthly instalments of principal and interest of \$23,699	347	612
Canadian Imperial Bank of Commerce's prime lending rate less 0.625 basis points borrowing to finance the construction of a new facility at Old Perlican. Loan is repayable in monthly instalments of \$21,200 plus interest, matures in 2016 and is unsecured	1,884	2,139
4.12% Newfoundland and Labrador Housing Corporation mortgage, payable in blended monthly instalments of \$19,403. The mortgage matures in December 2020 and is secured by land and building	2,169	2,311
10% Newfoundland and Labrador Housing Corporation mortgage, payable in blended monthly instalments of \$8,955. The mortgage matures in December 2028 and is secured by land and building	940	954
4.96% Bank of Montreal Bank term loan, amortized to December 2014, repayable in blended monthly instalments of principal and interest of \$7,070	364	-
3.71% Newfoundland and Labrador Housing Corporation mortgage, amortized to July 1, 2020, repayable in blended monthly instalments of principal and interest of \$1,086, secured by the property to which it relates	121	129

# **EASTERN REGIONAL HEALTH AUTHORITY**

## **Notes to the Financial Statements**

March 31, 2009

(tabular amounts expressed in thousands of dollars)

### **10. LONG-TERM DEBT (Continued)**

	2009	2008
	\$	\$
CMHC mortgages on land and buildings -		
8%, on Blue Crest Home; repayable in blended monthly instalments of principal and interest of \$7,777, maturing November 2025	866	890
10.5% on Golden Heights Manor, repayable in blended monthly instalments of principal and interest of \$7,549, maturing August 2027	749	762
3.88% on Golden Heights Manor, repayable in blended monthly instalments of principal and interest of \$22,085, maturing June 2023	2,904	3,053
5.25% Toronto Dominion Bank term loan, repaid during the year	-	397
	<b>148,250</b>	149,320
Less: Current portion	<b>2,462</b>	2,265
	<b>145,788</b>	147,055
Less: Sinking Funds available	<b>8,048</b>	6,807
	<b>137,740</b>	140,248

A sinking fund was established for the retirement of the debenture and is to be held in trust by the Government. The annual principal payment to the sinking fund is \$747,500.

The interest and mandatory sinking fund payments of the debenture are guaranteed by the Government.

Annual principal repayments of long-term debt are as follows:

	\$
2010	2,462
2011	2,356
2012	2,394
2013	2,563
2014	1,938

### **11. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent the unamortized portion of restricted contributions related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related capital asset purchased.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

### 11. DEFERRED CAPITAL CONTRIBUTIONS (Continued)

The changes in deferred capital contributions balance for the year are as follows:

	2009	2008
	\$	\$
Balance, beginning of the year	90,290	78,661
Grants received	25,356	29,953
Amortization	(14,886)	(18,324)
Balance, end of the year	100,760	90,290

### 12. SUPPLEMENTAL CASH FLOW INFORMATION

	2009	2008
	\$	\$
Change in non-cash operating working capital		
Accounts receivable	(32,153)	(15,582)
Supplies inventory	(423)	184
Prepaid expenses	460	(1,388)
Accounts payable and accrued liabilities	14,091	11,612
Accrued vacation pay	3,790	4,670
Deferred revenue - operating	10,694	5,798
Deferred revenue - capital	19,013	1,236
	15,472	6,530
Interest paid	10,005	10,510

### 13. CONTINGENCIES

#### *Guarantees*

The Authority has guaranteed a first mortgage of the General Hospital Hostel Association ("the Association") held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2009 was \$1,321,199 (2008 - \$1,423,931).

The Authority has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2009 was \$815,134 (2008 - \$862,566).

Management believes the Authority will not be called upon to honour these guarantees.

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

### 13. CONTINGENCIES (Continued)

#### *Legal claims*

Over the years a number of claims have been filed against the Authority, including a class action suit that was certified by the courts against the Authority in 2007. An estimate of loss, if any, relative to these matters, is not determinable at this time and no provision has been recorded in the accounts for these matters. In the view of management, the Authority's insurance program adequately addresses the issue of risk of loss in these matters.

### 14. COMMITMENTS

#### *Operating Leases*

Under the terms of several long-term operating leases related to hospital and office equipment, the Authority is committed to make approximate annual lease payments to March 31, 2014 as follows:

	\$
2010	10,809
2011	8,662
2012	7,152
2013	5,513
2014	4,504
	<u>36,640</u>

#### *Energy Performance Contract*

The Authority entered into an Energy Performance contract on August 11, 1998 with The Enerplan/Rose Group for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract was \$5,605,094. Lump sum amounts aggregating \$1,008,555 have been paid and recorded as deferred charges with the remaining balance of \$4,596,439 being financed by the Enerplan/Rose Group through CitiCapital Technology Finance Limited. The deferred charge amount is being amortized at \$103,442 annually for 9.75 years while the payments to the Enerplan/Rose Group are \$56,833 per month over a period of 9.75 years.

The Enerplan/Rose Group has assigned its payments under the contract to CitiCapital Technology Finance Limited. As at March 31, 2009 the outstanding balance of the financing through the Enerplan/Rose Group was \$1,406,261. The Authority's obligation for payment is limited to actual cost savings as the Enerplan/Rose Group has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are being reported in the Authority's operating statements as a normal operating cost.



# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

### 15. RELATED PARTY TRANSACTIONS

Contributions to the Authority during the year are as follows:

	2009	2008
	\$	\$
Janeway Children's Hospital Foundation	1,007	1,723
Dr. H. Bliss Murphy Cancer Care Foundation	620	456
General Hospital Hostel Association	570	575
Health Care Foundation of St. John's Inc.	861	216
Burin Peninsula Health Care Foundation	35	423
Trinity-Conception-Placentia Health Foundation	194	44
Discovery Health Care Foundation	11	400
Lions Manor Inc.	3	-
Janeway Auxiliary	30	-
Carbonear Ladies Auxiliary	15	-
TCRHB Housing Complex Inc.	1	-
Golden Heights Manor Cottages	24	12
Blue Crest Cottages	13	13
	3,384	3,862

# EASTERN REGIONAL HEALTH AUTHORITY

## Notes to the Financial Statements

March 31, 2009

(tabular amounts expressed in thousands of dollars)

### 15. RELATED PARTY TRANSACTIONS (Continued)

At year end, the amounts receivable from related parties are as follows:

	2009	2008
	\$	\$
Northwest Rotary - Janeway Hostel Corporation	1,226	1,107
Burin Peninsula Health Care Foundation	95	-
Dr. H. Bliss Murphy Cancer Care Foundation	396	260
Health Care Foundation of St. John's Inc.	673	770
Janeway Children's Hospital Foundation	854	491
Golden Heights Manor Cottages	248	185
Ever Green Environmental Corporation	494	460
Blue Crest Cottages	163	88
General Hospital Hostel Association	(105)	420
Masonic Park Apartments	-	-
Salvation Army Headquarters	-	-
Residential Housing - A Division of Anglican Homes Inc.	-	-
Bishop Meaden Manor - A Division of Anglican Homes Inc.	-	-
Discovery Health Care Foundation	103	179
Trinity-Conception-Placentia Health Foundation	216	-
Lions Manor Inc.	8	16
	4,371	3,976

At year end, the amounts due to nursing homes:

	2009	2008
	\$	\$
Saint Luke's Homes	279	6
Masonic Park - Nursing Home	69	102
The Salvation Army Glenbrook Lodge	714	536
St. Patrick's Mercy Home	1,295	406
The Agnes Pratt Home	130	28
The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador - Clarke's Beach Senior Citizen's Home	638	544
	3,125	1,622

# **EASTERN REGIONAL HEALTH AUTHORITY**

## **Notes to the Financial Statements**

March 31, 2009

(tabular amounts expressed in thousands of dollars)

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### **15. RELATED PARTY TRANSACTIONS (Continued)**

#### *Other*

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operating and capital donations to further the objectives of the Authority.

Transactions between these related parties are measured at their exchange value.

### **16. CAPITAL MANAGEMENT**

The capital structure of the Authority consists of net assets. The Authority's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Authority is not subject to externally imposed capital requirements.

### **17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

#### *Financial risk factors*

The Authority has exposure to credit risk and liquidity risk. The Authority's Board of Directors has overall responsibility for the oversight of these risks and reviews the Authority's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Authority's credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not significant.

#### *Liquidity risk*

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. As at March 31, 2009 the Authority had cash and temporary investments of \$16,502,691. To the extent that the Authority does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party funding or the Provincial Government, assuming these could be obtained.

#### *Fair value*

The fair value of the Authority's short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

# **EASTERN REGIONAL HEALTH AUTHORITY**

## **Notes to the Financial Statements**

March 31, 2009

(tabular amounts expressed in thousands of dollars)

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### **18. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform with the current presentation.

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Schedule of Expenditures for Government Reporting**

Year Ended March 31, 2009  
(in thousands of dollars)

	2009	2008
	\$	\$
<b>Administration</b>		
Executive offices	12,983	13,061
Finance and budgeting	8,617	7,880
Human resources	12,119	9,626
Systems support	14,171	12,192
Materials management	16,273	15,138
Other administrative	32,198	28,576
	<u>96,361</u>	<u>86,473</u>
<b>Support</b>		
Housekeeping	26,064	23,007
Laundry and linen	8,239	7,969
Facilities management	50,597	44,309
Food services	27,440	25,277
Other support	21,151	19,327
	<u>133,491</u>	<u>119,889</u>
<b>Patient and resident services</b>		
Acute care	159,768	153,095
Long-term care	116,161	107,092
Other patient and resident services	16,709	12,920
	<u>292,638</u>	<u>273,107</u>
<b>Ambulatory care</b>		
Emergency	21,579	20,991
Outpatient clinics	60,355	59,048
Dialysis	11,643	11,033
Other ambulatory	4,442	4,217
	<u>98,019</u>	<u>95,289</u>

## Schedule 1 (continued)

**EASTERN REGIONAL HEALTH AUTHORITY****Combined Schedule of Expenditures for Government Reporting**

Year Ended March 31, 2009

(in thousands of dollars)

	2009	2008
	\$	\$
<b>Diagnostic and therapeutic</b>		
Clinical laboratory	38,935	32,898
Diagnostic imaging	37,539	36,890
Other diagnostic and therapeutic	62,831	56,252
	<b>139,305</b>	<b>126,040</b>
<b>Client services</b>		
Mental health and addictions	9,939	8,634
Community support programs	110,624	95,581
Family support programs	69,136	55,750
Community youth corrections	4,049	3,658
Health promotion and protection	14,285	13,130
	<b>208,033</b>	<b>176,753</b>
<b>Medical services</b>		
Physician services	58,689	49,031
Interns and residents	14,418	15,093
	<b>73,107</b>	<b>64,124</b>
<b>Research and education</b>		
Research	2,414	2,161
Education	12,509	11,124
	<b>14,923</b>	<b>13,285</b>
<b>Interest on long-term debt</b>		
Interest on long-term debt	10,005	10,048
<b>Other</b>		
Undistributed	12,902	11,079
<b>Total shareable expenditures</b>	<b>1,078,784</b>	<b>976,087</b>

**EASTERN REGIONAL HEALTH AUTHORITY****Combined Schedule of Revenue and Expenditures for****Government Reporting**

Year Ended March 31, 2009

(in thousands of dollars)

	2009	2008
	\$	\$
<b>Revenue</b>		
Provincial plan	961,294	870,052
MCP	51,998	45,913
Inpatient	9,358	10,461
Resident	16,132	16,183
Outpatient	7,876	6,577
Other	35,659	31,294
	<u>1,082,317</u>	<u>980,480</u>
<b>Expenditures</b>		
<b>Compensation</b>		
Salaries	563,038	511,435
Employee benefits	93,648	84,141
	<u>656,686</u>	<u>595,576</u>
<b>Supplies</b>		
Plant operations and maintance	18,897	17,207
Drugs	36,287	35,993
Medical and surgical	48,746	44,999
Other	194,883	176,246
	<u>298,813</u>	<u>274,445</u>
<b>Direct client costs</b>		
Mental health and additions	60	52
Community support	77,328	68,072
Family support	35,843	27,856
Community youth corrections	49	38
	<u>113,280</u>	<u>96,018</u>

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Schedule of Revenue and Expenditures for**  
**Government Reporting**

Year Ended March 31, 2009  
(in thousands of dollars)

	2009	2008
	\$	\$
<b>Lease and long term debt</b>		
Lease - interest	8	30
Lease - principal	524	703
Long-term debt - interest	9,997	10,018
Long-term debt - principal	3,009	2,571
	13,538	13,322
	1,082,317	979,361
<b>Surplus for government reporting</b>	-	1,119
Lease - principal	524	703
Long-term debt - principal	3,009	2,571
<b>Surplus before non-shareable items</b>	3,533	4,393
<b>Adjustments for non-shareable items:</b>		
Amortization of deferred capital contributions	14,886	18,324
Amortization of capital assets	(24,961)	(25,228)
Interest on sinking fund	493	462
Accrued vacation	(3,790)	(4,670)
Accrued severance	(6,804)	(3,848)
	(20,176)	(14,960)
<b>Excess of expenditures over revenue</b>	(16,643)	(10,567)



**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Schedule of Capital Transactions Funding and Expenditure**  
**for Government Reporting**

Year Ended March 31, 2009  
(in thousands of dollars)

	2009	2008
	\$	\$
<b>Revenue</b>		
Provincial plan	36,803	23,522
Deferred grants previous year	14,837	13,601
Foundations and auxiliaries	2,275	2,843
Infoway	1,840	1,300
Transfer from operations	222	3,121
Proceeds from long-term debt	1,191	1,809
Other	3,323	403
Deferred grant current year	(33,944)	(14,837)
	26,547	31,762
<b>Expenditures</b>		
Buildings	6,672	1,246
Equipment	16,723	22,956
Vehicles	282	138
Construction in progress	2,870	7,422
	26,547	31,762
<b>Surplus on capital transactions</b>	-	-

**EASTERN REGIONAL HEALTH AUTHORITY**  
**Combined Schedule of Accumulated Operating Deficit**  
**for Government Reporting**

Year Ended March 31, 2009  
(in thousands of dollars)

	2009	2008
	\$	\$
<b>Assets</b>		
Current assets		
Cash and temporary investments	16,503	4,602
Accounts receivable	78,303	46,150
Supplies inventory	7,836	7,413
Prepaid expenses	3,720	4,180
	<u>106,362</u>	<u>62,345</u>
Deferred charges	188	291
General Hospital Hostel Association loan	1,736	1,852
	<u>108,286</u>	<u>64,488</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	108,127	94,036
Deferred revenue - operating	38,151	27,551
Deferred revenue - capital	33,944	14,837
	<u>180,222</u>	<u>136,424</u>
<b>Accumulated deficit for government reporting</b>	<u>(71,936)</u>	<u>(71,936)</u>



*Combined Financial Statements of*

**EASTERN REGIONAL  
HEALTH AUTHORITY –  
COTTAGES AND HOSTELS**

*March 31, 2009*

## Auditors' Report

To the Board of Trustees of  
Eastern Regional Health Authority

We have audited the combined statement of financial position of Eastern Regional Health Authority – Cottages and Hostels as at March 31, 2009 and the combined statements of operations, changes in fund balances and cash flows and supplementary schedules for the year then ended. These financial statements have been prepared to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern Regional Health Authority – Hostels and Cottages as at March 31, 2009 and the results of its operations and its cash flows for year then ended in accordance with the basis of accounting disclosed in Note 3 to the financial statements.

These financial statements, which have not been and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Board of Trustees of Eastern Regional Health Authority – Cottages and Hostels and Newfoundland and Labrador Housing Corporation to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

The comparative figures for the year ended March 31, 2008 were audited by another firm of chartered accountants who issued their report dated May 30, 2008.

*Deloitte & Touche LLP*

Chartered Accountants  
June 4, 2009

# EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

## Combined Statement of Operations

Year Ended March 31, 2009

	2009	2008
	\$	\$
<b>Revenue</b>		
Rentals	1,838,210	1,866,067
Rental assistance subsidy	203,834	173,355
Amortization of deferred capital contributions	90,000	90,000
Interest	29,014	51,510
Laundry charge	20,309	22,308
Domestic electricity charge	11,940	11,892
Other	5,349	6,553
HST rebate	-	5,629
	<u>2,198,656</u>	<u>2,227,314</u>
<b>Expenditures</b>		
Amortization	596,077	570,306
Salaries and benefits	384,010	346,968
Interest on long-term debt	307,971	335,764
Utilities	280,939	265,391
Housekeeping services	225,227	225,227
Maintenance	179,518	172,872
Laundry and linen	162,303	166,278
Municipal taxes	38,365	32,759
Administration fees	26,403	24,343
Other supplies	25,889	26,354
Snow clearing	24,199	24,424
Insurance	9,615	8,915
Security	5,949	16,424
Computer services	2,454	2,454
Professional fees	1,730	10,948
	<u>2,270,649</u>	<u>2,229,427</u>
Excess of expenditures over revenue		
before undernoted items	(71,993)	(2,113)
Transfer from subsidy surplus fund	31,565	6,088
Transfer from (to) replacement reserve fund	1,567	(13,490)
<b>Excess of expenditures over revenue</b>	<u>(38,861)</u>	<u>(9,515)</u>

**EASTERN REGIONAL HEALTH AUTHORITY -  
COTTAGES AND HOSTELS**

**Combined Statement of Changes in Fund Balances**

Year Ended March 31, 2009

	2009		2008	
	Unrestricted net assets	Investment in capital assets	Total	Total
	\$		\$	\$
Balance, beginning of year	(967,334)	808,711	(158,623)	(149,108)
Excess of revenue over expenditures (expenditures over revenue)	(38,861)	-	(38,861)	(9,515)
Balance, end of year	(1,006,195)	808,711	(197,484)	(158,623)

# EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

## Combined Statement of Financial Position

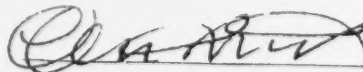
Year Ended March 31, 2009

	2009	2008
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	814,947	880,835
Accounts receivable	34,242	46,711
Due from Eastern Regional Health Authority	105,420	-
Prepaid expenses	34,833	23,395
Due from Newfoundland & Labrador Housing Corporation	808	3,590
	990,250	954,531
Capital assets (Note 4)	10,046,545	10,642,622
Replacement reserve fund (Note 5)	936,674	938,241
Subsidy surplus fund	2,020	33,585
	11,975,489	12,568,979
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	118,948	117,657
Due to Eastern Regional Health Authority	1,787,253	1,696,445
Due to Newfoundland & Labrador Housing Corporation (Note 6)	13,262	38,143
Current portion of long-term debt (Note 7)	525,730	500,543
	2,445,193	2,352,788
Long-term debt (Note 7)	7,497,107	8,028,370
Deferred capital contributions	1,215,000	1,305,000
Accrued severance pay	76,979	69,618
Replacement reserve fund (Note 5)	936,674	938,241
Subsidy surplus fund	2,020	33,585
	12,172,973	12,727,602
<b>Net assets (deficiency)</b>		
Unrestricted	(1,006,195)	(967,334)
Investment in capital assets	808,711	808,711
	(197,484)	(158,623)
	11,975,489	12,568,979

Approved by the Board

 Director

Director



Director

**EASTERN REGIONAL HEALTH AUTHORITY -  
COTTAGES AND HOSTELS  
Combined Statement of Cash Flows**

Year Ended March 31, 2009

	2009	2008
	\$	\$
<b>Operating activities</b>		
Excess of expenditures over revenue	(38,861)	(9,515)
Adjustments for:		
Amortization	596,077	570,306
Amortization of deferred capital contributions	(90,000)	(90,000)
Increase in severance pay accrual	7,361	7,459
Changes in non-cash working capital (Note 8)	(34,389)	382,651
	<u>440,188</u>	<u>860,901</u>
<b>Financing activity</b>		
Repayment of long-term debt	(506,076)	(479,332)
Net (decrease) increase in cash resources	(65,888)	381,569
Cash, beginning of year	880,835	499,266
<b>Cash, end of year</b>	<u>814,947</u>	<u>880,835</u>



# **EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**

## **Notes to Combined Financial Statements**

**March 31, 2009**

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### **1. NATURE OF OPERATIONS**

The cottage and hostel operation of Eastern Regional Health Authority (the "Authority") consists of two hostels and four cottage operations as follows.

- General Hospital Hostel Association – Agnes Cowan Hostel
- Northwest Rotary – Janeway Hostel Corporation
- Lions Manor Inc.
- TCRHB Housing Complex Inc.
- Golden Heights Manor Cottages
- Blue Crest Cottages

#### *Hostels*

The General Hospital Hostel Association was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients in St. John's and the surrounding area. On June 28, 2002 the Hostel assumed the services of the Northwest Rotary - Janeway Hostel Corporation.

The Hostels are incorporated under the Corporations Act of Newfoundland and are registered charities under the Income Tax Act.

#### *Cottages*

Lions Manor Inc.

Lions Manor Inc. was established to provide housing accommodations to senior citizens in Placentia and the surrounding area.

TCRHB Housing Complex Inc.

TCRHB Housing Complex Inc. was established to provide housing accommodations for senior citizens in Old Perlican and the surrounding area.

Golden Heights Manor Cottages

Golden Heights Manor Cottages was established to provide housing accommodations for senior citizens in Bonavista and the surrounding area.

Blue Crest Cottages

The Blue Crest Cottages was established to provide housing accommodations for senior citizens in Grand Bank and the surrounding area.

Each of the above noted housing corporations is exempt from federal and provincial income tax in accordance with the Income Tax Act.

# **EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**

## **Notes to Combined Financial Statements**

March 31, 2009

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### **2. CHANGE IN ACCOUNTING POLICIES**

Effective April 1, 2008 the Cottages and Hostels adopted the Canadian Institute of Chartered Accountants' ("CICA") new accounting standards related to "Capital Disclosures" (Section 1535) and "General Standards of Financial Statement Presentation" (Section 1400).

#### *Capital Disclosures*

CICA Section 1535 "Capital Disclosures" establishes standards for disclosure of information about the Cottages and Hostels' capital and capital management, including the Cottages and Hostels' objectives and processes of managing capital, quantitative data about what the Cottages and Hostels regards as capital, whether the Cottages and Hostels has complied with any externally imposed capital requirements, and if it has not complied, the consequences of such non-compliance. The adoption of this standard had no effect on the Cottages and Hostels' financial position, operations or cash flows and these disclosures have been included in Note 10.

#### *General Standards of Financial Statement Presentation*

CICA Section 1400 "General Standards of Financial Statement Presentation" provides additional guidance related to management's assessment of the Cottages and Hostels' ability to continue as a going concern. The Cottages and Hostels' current disclosures meet the reporting requirements of this section.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *Basis of accounting*

The financial statements have been prepared in accordance with significant accounting policies set out below to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation (NLHC). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because amortization is not provided on the buildings over the estimated useful life of the assets, but rather at a rate equal to the annual principal reduction of the mortgage.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and balances with banks.

#### *Capital assets*

Capital assets are recorded at cost. Amortization on the buildings is recorded in an amount equal to the reduction in the related mortgage principal in the fiscal year. Amortization is recorded on equipment on a declining balance basis using a rate of 20%.

# **EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**

## **Notes to Combined Financial Statements**

March 31, 2009

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *Impairment of assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

#### *Capital contributions*

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis as the related capital assets are amortized. Capital contributions on non-depreciable capital assets are recorded as direct increases in net assets.

#### *Revenue recognition*

Revenues are recognized as earned and when collection is reasonably assured.

#### *Accrued severance pay*

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for severance pay is recorded in the accounts for any employee who has less than nine years of service. Severance is payable when the employee ceases employment with the Cottages and Hostels.

#### *Revenue recognition*

Revenue is recognized as earned and when collection is reasonably assured.

#### *Pension costs*

Employees of the Cottages and Hostels are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador (the "Government"). Contributions to the plans are required from both the employees and the Cottages and Hostels. The annual contributions for pensions are recognized in the accounts on a current basis.

**EASTERN REGIONAL HEALTH AUTHORITY -  
COTTAGES AND HOSTELS**  
**Notes to Combined Financial Statements**  
March 31, 2009

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Financial instruments*

In accordance with this standard, the Cottages and Hostels' financial assets and liabilities are generally classified and measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable, due from Eastern Regional Health Authority, due from NLHC	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities, due to Eastern Regional Health Authority, due to NLHC	Other liabilities	Amortized cost
Long-term debt	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, capital assets, and deferred capital contributions are not within the scope of the new accounting standards as they are not financial instruments.

*Use of estimates*

In preparing the Cottages' and Hostels' financial statements in conformity with Canadian generally accepted accounting principles management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

*Future accounting standards*

In December 2006, CICA issued new Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation", which established standards for the presentation and disclosure of financial instruments and non-financial derivatives.

Following a decision by CICA that permits the application of Section 3861, "Financial Instruments – Disclosure and Presentation", in place of Section 3862 and 3863, the Cottages and Hostels' have decided to continue to apply Section 3861.

*Not-for-profit organizations*

In September 2008, the CICA amended the introduction to accounting standards that apply only to not-for-profit organizations as outlined in the Section 4400 series of CICA Handbook (the "Handbook") as well as consequently changes to other sections of the Handbook.

These new standards are effective for the Cottages and Hostels on April 1, 2009. The Cottages and Hostels' management does not expect the application of these standards will have a material impact on its financial statements.

# EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

## Notes to Combined Financial Statements

March 31, 2009

### 4. CAPITAL ASSETS

	2009		2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	262,365	-	262,365	262,365
Land improvements	131,300	48,833	82,467	88,201
Buildings and renovations	14,537,042	5,056,967	9,480,075	10,068,619
Furniture and equipment	719,266	503,840	215,426	217,225
Fencing	6,212	-	6,212	6,212
	<u>15,656,185</u>	<u>5,609,640</u>	<u>10,046,545</u>	<u>10,642,622</u>

### 5. REPLACEMENT RESERVE FUND

These funds have been set aside to fund the balance of reserves required under agreements with the Newfoundland & Labrador Housing Corporation. The use of these funds is restricted to the purchase of items approved by the Newfoundland & Labrador Housing Corporation.

	2009	2008
	\$	\$
Balance, beginning of year	938,241	924,752
Allocation from earnings	14,850	14,850
Interest income	6,533	11,851
Approved expenditures for the year	(22,950)	(13,212)
Balance, end of year	<u>936,674</u>	<u>938,241</u>

### 6. DUE (TO) FROM NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2009	2008
	\$	\$
Balance, beginning of year	(38,143)	(5,821)
Net subsidy for the year	64,973	49,033
Payments received for the year	(143,036)	(175,676)
Repayments issued during the year	102,944	94,321
Balance, end of year	<u>(13,262)</u>	<u>(38,143)</u>

# **EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**

## **Notes to Combined Financial Statements**

**March 31, 2009**

### **7. LONG-TERM DEBT**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>General Hospital Hostel Association</b>		
Newfoundland and Labrador Housing Corporation (NLHC) 4.31% first mortgage on land, building and equipment, renewable March 1, 2012, amortized to 2019, payable in blended monthly principal and interest instalments of \$13,455.	<b>1,321,199</b>	<b>1,423,931</b>
Royal Bank of Canada 5.02% first mortgage on land, building and equipment, maturing May 24, 2011, amortized to May 24, 2021, payable in blended monthly principal and interest instalments of \$7,447.	<b>815,134</b>	<b>862,566</b>
Eastern Regional Health Authority, prime minus 1.75% loan, maturing April 1, 2023, amortized to April 1, 2023, payable in blended monthly principal and interest instalments of \$12,647.	<b>1,851,505</b>	<b>1,965,163</b>
<b>Northwest Rotary - Janeway Hostel Corporation</b>		
NLHC 3.16% first mortgage on land, building, with an assignment of rents and leases, renewable June 1, 2013, amortized to April 1, 2018, payable in blended monthly instalments of principal and interest of \$7,743.	<b>733,361</b>	<b>801,175</b>
<b>Lion's Manor Inc.</b>		
NLHC 4.31% first mortgage on land and building, renewable April 2012, amortized to December 2026, repayable in blended monthly instalments of principal and interest of \$7,011.	<b>911,971</b>	<b>956,199</b>
NLHC 4.31% first mortgage on land and building, renewable April 2012, amortized to December 2026, repayable in blended monthly instalments of principal and interest of \$3,517.	<b>524,389</b>	<b>543,781</b>
<b>TCRHB Housing Complex Inc.</b>		
NLHC 4.31% first mortgage on land and building, renewable April 2012, amortized to December 2027, repayable in blended monthly instalments of principal and interest \$2,428.	<b>375,479</b>	<b>388,314</b>

# **EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**

## **Notes to Combined Financial Statements**

March 31, 2009

### **7. LONG -TERM DEBT (Continued)**

	2009	2008
	\$	\$
<b>Golden Heights Manor Cottages</b>		
NLHC 4.33% first mortgage on land and building, chattel mortgage on equipment and an assignment rents, renewable September 1, 2009, maturing July 1, 2019, repayable in blended monthly instalments of principal and interest of \$5,951.	594,541	639,434
<b>Blue Crest Cottages</b>		
NLHC 4.16% first mortgage on land and building, renewable December 1, 2011, maturing December 1, 2021, repayable in blended monthly instalments of principal and interest of \$4,218.	501,079	530,405
NLHC 4.59% first mortgage, renewable on August 1, 2011 maturing May 1, 2021, repayable in blended monthly instalments of principal and interest of \$3,521.	394,179	417,945
	8,022,837	8,528,913
Less: Current portion	525,730	500,543
	7,497,107	8,028,370

Annual principal repayments of long-term debt are as follows:

	\$
2010	525,730
2011	545,477
2012	566,026
2013	587,409
2014	609,660
Thereafter	5,188,535



# EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

## Notes to Combined Financial Statements

March 31, 2009

### 8. SUPPLEMENTAL CASH FLOW INFORMATION

	2009	2008
	\$	\$
Change in non-cash operating working capital		
Accounts receivable	12,469	(5,531)
Due to Eastern Regional Health Authority	(14,612)	347,867
Due (to) from Newfoundland & Labrador Housing Corporation	(22,099)	28,732
Prepaid expenses	(11,438)	5,381
Accounts payable and accrued liabilities	1,291	6,202
	(34,389)	382,651
Interest paid	307,971	335,764

### 9. RELATED PARTY TRANSACTIONS

The Cottages and Hostels' received \$113,880 (2008 - \$113,880) in rental revenue from Eastern Regional Health Authority.

Expenditures included \$611,657 (2008 - \$601,477) paid to Eastern Health for loan interest, administration fees, computer services, laundry services, maintenance and security services, insurance and miscellaneous expenses.

### 10. CAPITAL MANAGEMENT

The capital structure of the Cottages and Hostels' consists of net assets. The Cottages and Hostels' objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Home is not subject to externally imposed capital requirements.

### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Financial risk factors*

The Cottages and Hostels have exposure to credit risk, interest rate risk, and liquidity risk. The Cottages and Hostels' Board of Directors has overall responsibility for the oversight of these risks and reviews the Cottages and Hostels' policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below:



# **EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**

## **Notes to Combined Financial Statements**

March 31, 2009

---

### **11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Cottages and Hostels' credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to accounts receivable is not significant.

#### *Interest rate risk*

The long-term debt bears interest at fixed rates. Consequently, the cash flow exposure is not significant.

#### *Liquidity risk*

Liquidity risk is the risk that the Cottages and Hostels' will not be able to meet its financial obligations as they become due. As at March 31, 2009, the Cottages and Hostels had cash of \$814,947.

To the extent that the Cottages and Hostels do not believe it has sufficient liquidity to meet current obligations consideration will be given to obtaining additional funds through third party funding or the Provincial Government, assuming these could be obtained.

#### *Fair value*

The fair value of the Cottages and Hostels' short-term financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

Long-term debt reflects fair value based on current borrowing rates available to the Cottages and Hostels.

## Schedule 1

**EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**  
**Combined Schedule of Revenue and Expenditures for Newfoundland and Labrador Housing Corporation**  
 Year Ended March 31, 2009

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2009	Total 2008
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Rentals	1,413,741	-	168,795	27,485	102,944	125,245	1,838,210	1,866,067
Rental assistance subsidy	38,988	20,209	64,974	22,324	27,964	29,375	203,834	173,355
Amortization of deferred capital contributions	90,000	-	-	-	-	-	90,000	90,000
Interest	19,487	4,294	1,166	300	2,205	1,562	29,014	51,510
Other	5,349	-	-	-	-	-	5,349	6,553
Domestic electricity charge	-	-	10,000	1,940	-	-	11,940	11,892
HST rebate	-	-	-	-	-	-	-	5,629
Laundry charge	14,669	-	4,730	910	-	-	20,309	22,308
	1,582,234	24,503	249,665	52,959	133,113	156,182	2,198,656	2,227,314
<b>Expenditures</b>								
Amortization	353,824	67,814	63,620	12,836	44,892	53,091	596,077	570,306
Interest on long-term debt	138,000	25,387	62,497	16,262	26,315	39,510	307,971	335,764
Salaries and benefits	374,498	-	-	-	9,512	-	384,010	346,968
Utilities	97,505	40,358	61,222	12,409	31,612	37,833	280,939	265,391
Housekeeping services	225,227	-	-	-	-	-	225,227	225,227
Maintenance	123,227	-	40,764	3,878	5,672	5,977	179,518	172,872
Laundry and linen	162,303	-	-	-	-	-	162,303	166,278
Municipal taxes	-	-	18,993	3,359	7,200	8,813	38,365	32,759
Security	-	5,949	-	-	-	-	5,949	16,424
Administration fees	14,823	-	10,020	1,560	-	-	26,403	24,343
Snow clearing	-	-	926	-	12,401	10,872	24,199	24,424
Other supplies	22,476	117	228	1,817	218	1,033	25,889	26,354
Insurance	1,715	-	1,700	1,200	2,500	2,500	9,615	8,915
Professional fees	(5,545)	1,455	1,455	1,455	1,455	1,455	1,730	10,948
Computer services	2,454	-	-	-	-	-	2,454	2,454
	1,510,507	141,080	261,425	54,776	141,777	161,084	2,270,649	2,229,427
<b>Excess of revenue over expenditures</b> (expenditures over revenue) before undernoted items	71,727	(116,577)	(11,760)	(1,817)	(8,664)	(4,902)	(71,993)	(2,113)
Transfer from subsidy surplus fund	31,565	-	-	-	-	-	31,565	6,088
Transfer from (to) replacement reserve fund	(5,402)	-	11,760	1,817	(2,919)	(3,689)	1,567	(13,490)
<b>Excess of revenue over expenditures</b> (expenditures over revenue)	97,890	(116,577)	-	-	(11,583)	(8,591)	(38,861)	(9,515)

**EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**  
**Combined Schedule of Financial Position for Newfoundland and Labrador Housing Corporation**  
Year Ended March 31, 2009

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2009	Total 2008
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	508,563	9,144	21,021	8,070	134,274	133,875	814,947	880,835
Accounts receivable	29,244	-	4,198	800	-	-	34,242	46,711
Due from Eastern Regional Health Authority	105,420	-	-	-	-	-	105,420	-
Prepaid expenses	-	-	14,245	-	5,400	15,188	34,833	23,395
Due from Newfoundland & Labrador Housing Corporation	-	-	625	183	-	-	808	3,590
	643,227	9,144	40,089	9,053	139,674	149,063	990,250	954,531
<b>Capital assets</b>	5,595,201	1,130,682	1,455,383	375,479	594,541	895,259	10,046,545	10,642,622
Replacement reserve fund	264,703	160,507	352,005	50,682	80,514	28,263	936,674	938,241
Subsidy surplus fund	2,020	-	-	-	-	-	2,020	33,585
	6,505,151	1,300,333	1,847,477	435,214	814,729	1,072,585	11,975,489	12,568,979
<b>Liabilities</b>								
<b>Current liabilities</b>								
Due to Eastern Regional Health Authority	-	1,230,394	7,778	123	311,576	237,382	1,787,253	1,696,445
Due to Newfoundland & Labrador Housing Corporation	-	-	13,262	-	-	-	13,262	38,143
Accounts payable and accrued liabilities	76,361	3,117	19,048	8,931	3,324	8,167	118,948	117,657
Current portion of long-term debt	273,038	70,902	66,265	13,360	46,811	55,354	525,730	500,543
	349,399	1,304,413	106,353	22,414	361,711	300,903	2,445,193	2,352,788
<b>Long-term debt</b>	3,714,799	662,459	1,370,096	362,118	547,730	839,905	7,497,107	8,028,370
Deferred capital contributions	1,215,000	-	-	-	-	-	1,215,000	1,305,000
Accrued severance pay	76,979	-	-	-	-	-	76,979	69,618
Replacement reserve fund	264,703	160,507	352,005	50,682	80,514	28,263	936,674	938,241
Subsidy surplus fund	2,020	-	-	-	-	-	2,020	33,585
	5,622,900	2,127,379	1,828,454	435,214	989,955	1,169,071	12,172,973	12,727,602
<b>Net assets (deficiency)</b>								
Unrestricted	489,884	(1,224,367)	-	-	(175,226)	(96,486)	(1,006,195)	(967,334)
Investment in capital assets	392,367	397,321	19,023	-	-	-	808,711	808,711
	882,251	(827,046)	19,023	-	(175,226)	(96,486)	(197,484)	(158,623)
	6,505,151	1,300,333	1,847,477	435,214	814,729	1,072,585	11,975,489	12,568,979

**EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS**  
**Combined Schedule of Cash Flows for Newfoundland and Labrador Housing Corporation**  
Year Ended March 31, 2009

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2009	Total 2008
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating activities</b>								
Excess of revenue over expenditures (expenditures over revenue)	97,890	(116,577)	-	-	(11,583)	(8,591)	(38,861)	(9,515)
Adjustments for:								
Amortization	353,824	67,814	63,620	12,836	44,892	53,091	596,077	570,306
Amortization of deferred capital contributions	(90,000)	-	-	-	-	-	(90,000)	(90,000)
Increase in severance pay accrual	7,361	-	-	-	-	-	7,361	7,459
Changes in non-cash working capital	(401,362)	116,819	(13,485)	(661)	126,093	138,207	(34,389)	382,651
	(32,287)	68,056	50,135	12,175	159,402	182,707	440,188	860,901
<b>Financing activity</b>								
Repayment of long-term debt	(263,823)	(67,814)	(63,619)	(12,836)	(44,893)	(53,091)	(506,076)	(479,332)
Net increase (decrease) in cash resources	(296,110)	242	(13,484)	(661)	114,509	129,616	(65,888)	381,569
Cash, beginning of year	804,673	8,902	34,505	8,731	19,765	4,259	880,835	499,266
Cash, end of year	508,563	9,144	21,021	8,070	134,274	133,875	814,947	880,835

**EASTERN SCHOOL DISTRICT**  
**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**June 30, 2008**



CHARTERED ACCOUNTANT  
MANAGEMENT CONSULTANT

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## AUDITOR'S REPORT

To the Board Members of:  
Eastern School District

I have audited the balance sheet of the current and capital funds of the Eastern School District as at June 30, 2008 and the related statements of current revenues, expenditures and District deficiency, cash flows and changes in capital fund for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to Teachers' Severance Pay is described in Note 2. Canadian generally accepted accounting principles require that all accounts receivable should be recorded and disclosed on the financial statements. The liability for Teachers' Severance Pay has been recorded but no offsetting receivable has been recorded. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the accounts receivable were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for accounts receivable, revenue, and excess of expenditures over revenue would be necessary.

In my opinion, except for the effects of the failure to record accounts receivable as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2008 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in note 1 to the financial statements and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

August 31, 2008

CHARTERED ACCOUNTANT

**Eastern School District  
Balance Sheet**

**As At June 30, 2008**

**2008**

**2007**

**Assets**

**Current**

Cash (supp. Info. 1)	\$ 13,171,075	\$ 12,329,831
Short-term investments (supp. Info. 2)	888,864	908,375
Accounts receivable (Note 4)	4,505,901	2,702,061
Teachers' vacation pay (Note 5)	30,332,299	28,809,763
Prepaid expenses (supp. Info. 3)	<u>529,476</u>	<u>554,811</u>

49,427,615 45,304,841

Capital assets (Schedule 7, Note 1)

166,349,563 157,938,849

Deferred costs (Note 11)

342,603

\$215,777,178 \$203,586,293

**Liabilities**

**Current**

Accounts payable and accrued liabilities (Note 7)	\$ 11,731,231	\$ 11,257,196
Teachers' vacation pay (Note 5)	30,332,299	28,809,763
Current maturities (Schedule 8)	752,824	827,270
Current portion of obligation under capital lease (Note 10)	<u>813,283</u>	<u>761,480</u>

43,629,637 41,655,709

Long-term debt (Schedule 8)

3,402,634 4,060,793

Obligation under capital lease (Note 10)

2,959,562 3,417,861

Teachers' severance pay benefits (Note 2)

51,912,995 50,037,967

Other employee severance pay accrual (Note 1)

4,639,546 4,652,236

Other employee benefits (Note 8)

470,208 459,608

107,014,582 104,284,174

**District Equity**

Investment in capital assets (Notes 9)

163,018,456 153,281,193

District deficiency

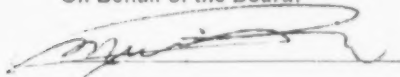
(54,255,860) (53,979,074)

108,762,596 99,302,119

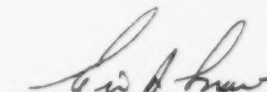
\$215,777,178 \$203,586,293

**Contingent Liabilities (Note 16)**

**On Behalf of the Board:**



Chairperson



Treasurer

Eastern School District  
Statement of Current Revenue, Expenditures and District Deficiency

For the Year Ended June 30, 2008	2008	2007
<b>Current Revenue (Schedule 1)</b>		
Provincial Government grants	\$330,021,266	\$311,999,105
Ancillary services	105,876	63,221
Miscellaneous	<u>1,111,243</u>	<u>1,694,731</u>
	<u>331,238,385</u>	<u>313,757,057</u>
<b>Current Expenditures</b>		
Administration (Schedule 2)	5,378,817	4,418,682
Instruction (Schedule 3)	267,393,425	256,685,791
Operations and maintenance (Schedule 4)	31,795,790	29,395,938
Pupil transportation (Schedule 5)	21,478,091	20,496,770
Ancillary services (Schedule 6)	71,766	70,000
Interest (Schedule 8C)	259,643	300,913
Amortization of deferred costs (Note 11)	342,603	373,747
Miscellaneous (Schedule 6)	<u>135,272</u>	<u>88,367</u>
	<u>326,855,407</u>	<u>311,830,208</u>
Excess of revenue over expenditures before underrated items	4,382,978	1,926,849
Amortization of capital assets (Schedule 7)	(10,954,075)	(9,701,718)
Transfer to capital	<u>8,169,339</u>	<u>8,045,610</u>
Excess of revenue over expenditures before teachers' severance	1,598,242	270,741
Net change in teachers' severance liability (Note 2)	<u>(1,875,028)</u>	<u>(937,583)</u>
Excess of (expenditures over revenue) revenue over expenditures	<u>\$ (276,786)</u>	<u>\$ (666,842)</u>
 District deficiency, beginning of the year	 \$ (53,979,074)	 \$ (53,531,769)
Excess of (expenditures over revenue) revenue over expenditures	(276,786)	(666,842)
Unrealized gain on investments (Note 15)	<u>219,537</u>	<u>219,537</u>
District deficiency, end of the year	<u>\$(54,255,860)</u>	<u>\$(53,979,074)</u>



Eastern School District  
Statement of Cash Flows

For the Year Ended June 30, 2008

2008

2007

OPERATING ACTIVITIES

Excess of (expenditures over revenue)  
revenue over expenditures

\$ (276,786) \$ (666,842)

Items not affecting cash:

Amortization of deferred costs

342,603 373,747

Amortization of capital assets

10,954,075 9,701,718

Amortization of energy retrofit

182,338 558,279

Adjustment to carrying value of certain capital assets

148,440,416

Severance pay accrual

(12,690) (48,235)

Teachers severance liability

1,875,028 937,583

Other employee benefits liability

10,600 (18,130)

Short term investments

19,511 (752,486)

Accounts receivable

(1,803,839) 1,664,412

Prepaid expenses

25,335 (82,032)

Accounts payable and accrued liabilities

474,033 3,287,150

11,790,208 163,395,580

INVESTING ACTIVITIES

Capital expenditures - net

(19,547,126) (10,211,965)

Change in investment in capital assets (Note 9)

9,737,263 (146,750,224)

Change in long-term receivable

1,171,871

Change in unrealized gain on investment

219,537

(9,809,863) (155,570,781)

FINANCING ACTIVITIES

Proceeds from obligation under capital lease

418,472 509,058

Repayment of obligation under capital lease

(824,968) (799,996)

Proceeds from long-term borrowings

185,972 465,800

Repayment of long-term debt

(918,577) (889,009)

(1,139,101) (714,147)

Change in cash resources

841,244 7,110,652

Cash, beginning of the year

12,329,831 5,219,179

Cash, end of the year

\$ 13,171,075 \$ 12,329,831

Supplementary cash flow information:

Interest paid

\$ 259,643 \$ 300,913

Interest paid - bussing loans

153,702 171,992

\$ 413,345 \$ 472,905

**BYRON  
SMITH**  
CHARTERED ACCOUNTANT  
MANAGEMENT CONSULTANT

Eastern School District  
Statement of Changes in Capital Fund

For the Year Ended June 30, 2008	2008	2007
<b>70 Capital receipts</b>		
<b>71 Proceeds from bank loans</b>		
011 School construction		\$ 465,800
012 Equipment		
013 Service vehicles	\$ 185,972	
014 Pupil transportation		
015 Other and capital lease	<u>418,472</u>	<u>509,058</u>
	<u>604,444</u>	<u>974,858</u>
<b>72 EIC grants</b>		
011 School construction and equipment	17,550,730	10,401,626
012 Other - special grants for debt repayment		
	<u>17,550,730</u>	<u>10,401,626</u>
<b>73 Donations</b>		
011 Cash receipts		
012 Non-cash receipts		
013 Restricted use		<u>35,482</u>
		<u>35,482</u>
<b>74 Sale of capital assets - proceeds</b>		
011 Land and 012 buildings		
013 Equipment		
014 Service vehicles		
015 Pupil transportation vehicles		
016 Other		
<b>75 Other capital revenues</b>		
011 Interest on capital fund investments		
012 Premiums on debentures		
013 Recoveries of expenditures	355,872	361,253
015 Insurance proceeds		
016 Native peoples grants		
017 Miscellaneous		
Gain on sale of capital assets		
Department of Education technology grants		
Cost sharing for technology grants		
	<u>355,872</u>	<u>361,253</u>
<b>78 Transfer from (to) current fund</b>	(8,169,339)	(8,045,610)
Add: Amortization of capital assets - non cash items	<u>10,954,075</u>	<u>9,701,718</u>
	<u>2,784,736</u>	<u>1,656,108</u>
	<u>\$ 21,295,782</u>	<u>\$ 13,429,327</u>

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Eastern School District  
Statement of Changes in Capital Fund (Cont'd)

For the Year Ended June 30, 2008

2008

2007

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80 Capital disbursements

81 Additions to capital assets

011 Land and sites	\$ 109,536	\$ 91,430
012 Buildings	17,212,731	10,305,942
013 Furniture and equipment - School	2,038,885	837,414
014 Furniture and equipment - other		
015 Service vehicles	185,974	39,735
016 Pupil transportation		
	<u>19,547,126</u>	<u>11,274,521</u>

82 Principal repayment of long-term debt

011 School construction		
012 Equipment	1,256,224	848,792
013 Service vehicles		
014 Energy Performance Contract	<u>492,432</u>	<u>840,214</u>
	<u>1,748,656</u>	<u>1,689,006</u>

83 Miscellaneous disbursements

013 Other (decrease in capital payables)		<u>465,800</u>
	<u>\$ 21,295,782</u>	<u>\$ 13,429,327</u>

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**Eastern School District**  
**Notes to Financial Statements**

**For the Year Ended June 30, 2008**

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**Nature of Operations**

The Eastern School District is responsible for the operations and maintenance of all schools in the Eastern portion of the Province of Newfoundland and Labrador. The District was formed August 31, 2004 after the Government of Newfoundland and Labrador dissolved four previous boards known as Vista School District, Burin School District, Avalon West School District, and Avalon East School District.

These financial statements do not include school based financial activities which would consist of revenues, expenses and net assets controlled directly by school administration.

**1. Significant Accounting Policies**

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below.

**Fund Accounting**

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds. These financial statements include both the current and capital funds on a combined basis.

**Common Controlled Entities**

The District currently exercises control over corporations known as the Eastern Education Foundation Inc. and Newfoundland International Student Exchange Program Inc.

The net assets of the Eastern Education Foundation Inc. as at March 31, 2008 were \$ 202,383 in accordance with the financial statements compiled by the corporation. These amounts have not been consolidated with the District's financial statements as at June 30, 2008.

The net assets of the Newfoundland Student Exchange Program Inc. as at June 30, 2008 are recorded in note 7 (accounts payable) of these financial statements. Net funds generated from this Corporation are used for specific purposes and will be recognized as revenue in the District's financial statements when approved by the Management Committee of the Newfoundland Student Exchange Program Inc.

**Revenue**

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

For the Year Ended June 30, 2008

## 1. Significant Accounting Policies (Cont'd)

### Capital Assets

Capital assets assumed by the District on August 31, 2004, as a result of legislation passed pursuant to the *Schools Act, 1997* and the *Education Act*, are recorded based on the Net Book Values shown on the audited financial statements of the predecessor entities. Deferred costs for the energy retrofit project are amortized on the straight-line basis over a period of seven years.

Beginning July 1, 2006 tangible capital assets will be amortized using the straightline basis over their estimated useful lives, using the following rates.

Buildings	50 years
Furniture and equipment	10 years
Service vehicles	5 years
Buses	12 years
Miscellaneous	5 years

### Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agencies. The amounts recorded in the financial statements represent gross salaries for the year.

### Pension Costs

All permanent employees of the District are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador and, as such, the employer contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

### Other Employee Severance Pay Accrual

The District records severance pay liability for employees other than teachers. Employees are entitled to one week of severance pay for each year of service to a maximum of twenty weeks once they reach 9 years of service with the District.

### Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

## 2. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded severance pay for teachers in the District. The *Schools Act, 1997* specifies that salaries and other compensation for teachers are the responsibility of the Department. The District received written approval from the Minister of Education for the deficit arising from the Department's requirement for the teachers' severance.

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Eastern School District  
Notes to Financial Statements

For the Year Ended June 30, 2008

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The net change in the liability for the year ended is as follows:

	<u>2008</u>	<u>2007</u>
Balance, beginning of the year	\$ 50,037,967	\$ 49,100,384
Net increase, (decrease) for the period	<u>1,875,028</u>	<u>937,583</u>
Balance, end of the year	<u>\$ 51,912,995</u>	<u>\$ 50,037,967</u>

### 3. Bond Coverage

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees as follows:

Assistant Director of Finance and Administration and District employees	\$ 100,000
Principals, Vice Principals and Staff	\$ 100,000

### 4. Accounts Receivable

Current	<u>2008</u>	<u>2007</u>
11 131 Provincial Government	\$ 3,337,530	\$ 966,113
132 Transportation	212,137	257,121
133 Federal Government		
134 Insurance		
138 Interest	38,401	
139 Miscellaneous and travel advances	590,024	831,756
140 Goods and Service Tax Rebate	327,809	641,975
141 Other		
Capital		
11 231 Provincial Gov't -construction grants		5,096
235 Other		
	<u>\$ 4,505,901</u>	<u>\$ 2,702,061</u>

### 5. Teachers' Vacation Pay

Pursuant to a directive issued by the Department during the fiscal year 2006, the District recorded the vacation pay liability for teachers in the District. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Accordingly, the District has recorded teachers' vacation pay receivable of \$ 30,332,299 at June 30, 2008, (2007 - \$ 28,809,763 )

### 6. Bank Indebtedness

The District had an authorized operating demand loan of \$4,000,000, bearing interest at Royal Bank prime less 0.65% which was unused as at June 30, 2008 and June 30, 2007. In accordance with the *Schools Act, 1997*, the operating demand loan was supported by a letter of approval to borrow provided by the Minister of Education.

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Eastern School District  
Notes to Financial Statements

For the Year Ended June 30, 2008

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7. Accounts Payable and Accrued Liabilities

Current	<u>2008</u>	<u>2007</u>
21 111 Trade payables	\$ 3,050,264	\$ 4,093,703
112 Accrued liabilities	97,960	846,523
114 Wages	904,156	154,875
115 Payroll deductions		777,366
117 Deferred grants	4,197,996	2,236,022
118 Other - Specify		
Vacation pay accrual	1,714,688	1,497,883
Eastern School District Trust Fund	551,691	533,100
Scholarship fund	115,016	123,190
N.I.S.E.P, due to a related corporation	692,604	587,678
<b>Capital</b>		
213 Accrued interest		
217 Deferred Grants	<u>406,856</u>	<u>406,856</u>
	<u>\$ 11,731,231</u>	<u>\$ 11,257,196</u>

8. Other Employee Benefits

	<u>2008</u>	<u>2007</u>
Unused pre-1985 sick leave	\$ <u>470,208</u>	\$ <u>459,608</u>

The District has recorded the obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985.

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Eastern School District  
Notes to Financial Statements

For the Year Ended June 30, 2008

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9. Investment in Capital Assets

	<u>2008</u>	<u>2007</u>
Investment in capital assets, beginning of the year	\$153,281,193	\$300,031,417
Add:		
Grants - contributions for capital construction	17,550,730	10,401,626
Proceeds from sale of capital assets		
Gain on sale of capital assets		
Recoveries of expenditures		
Insurance proceeds - capital		
Capital purchases out of revenue	1,391,951	328,346
Miscellaneous - E.I.T.F.		35,481
School contributions		
Principal repayment paid with operating grants	<u>1,748,657</u>	<u>1,689,005</u>
	<u>173,972,531</u>	<u>312,485,875</u>
Deduct adjustments:		
Cost of assets disposed		
Building		1,062,548
Public transportation vehicles		
Other		
Amortization of capital assets	10,954,075	9,701,718
Adjustment to carrying value of certain capital assets		148,440,416
Doubtful Accounts		
	<u>10,954,075</u>	<u>159,204,682</u>
23 221 Investment in capital assets, end of the year	<u>\$163,018,456</u>	<u>\$153,281,193</u>



**Eastern School District  
Notes to Financial Statements**

**For the Year Ended June 30, 2008**

**10. Obligation Under Capital Leases**

The District had entered into a capital lease with Royal Bank of Canada to finance its Energy Performance capital expenditures (EPC). The lease was for \$ 5,000,000 for 5 years including a purchase option of \$2,750,000 which expired May 2008. During June 2008, the purchase option was refinanced for a period of 5 years with a purchase option of \$1

The District also entered into capital leases with the Royal Bank of Canada for various equipment purchases. The leases total \$ 1,176,917 as at June 30, 2008 with a purchase option of \$1.

Future minimum payments under these capital leases is as follows for the year ending in:

	<u>Risographs</u>	<u>EPC</u>	<u>Copiers &amp; Laptops</u>	<u>Total</u>
2009	\$ 92,937	\$ 618,564	\$ 267,830	\$ 979,331
2010	92,937	618,564	231,645	943,146
2011	54,214	618,564	179,545	852,323
2012		618,564	179,545	798,109
2013		567,017	78,264	645,281
	240,088	3,041,273	936,829	4,218,190
Less: amount representing interest	<u>14,555</u>	<u>342,841</u>	<u>87,949</u>	<u>445,345</u>
	225,533	2,698,432	848,880	3,772,845
Less: current portion	<u>84,055</u>	<u>497,670</u>	<u>231,558</u>	<u>813,283</u>
	<u>\$ 141,478</u>	<u>\$ 2,200,762</u>	<u>\$ 617,322</u>	<u>\$ 2,959,562</u>

Interest has been imputed at a rate of 4.89% for the EPC.

Interest has been imputed at a various rates for the other leases.

**11. Deferred Costs**

A predecessor School Board entered into a sale lease contract with the Royal Bank of Canada for their Energy Performance contract. A gain of \$1,868,737 was recorded upon sale of these assets. This gain was amortized over sixty months. During the year \$ 342,603 (2007 - \$373,747) was recorded as amortization expense in the financial statements.

**12. Lease Commitments**

The District is committed under the terms of various operating leases to make payments in the next two years approximately as follows:

2009	\$ 566,274
2010	\$ 557,475

**13. Financial Instruments**

The carrying value of the Districts financial instruments, with the exception of long-term receivables, approximate fair values due to the short-term maturity and normal credit terms of those instruments. The long-term receivables balance does not approximate fair value as it is non-interest bearing.

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**Eastern School District  
Notes to Financial Statements**

**For the Year Ended June 30, 2008**

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**14. Insurance Subsidy**

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

**15. Unrealized Gain on Sale of Investments**

This represents an unrecognized gain on investments held by a predecessor District. This amount was recognized as an asset in 2007.

**16. Contingent Liabilities**

Site restoration and remediation costs associated with school properties under the District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable. Such costs are normally funded by the Province.

The Board has a potential liability for accumulated sick leave to its employees in the amount of \$12,395,000. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

**17. Comparative Figures**

Certain of the 2007 amounts have been reclassified to conform with the financial statement presentation adopted for 2008.

Eastern School District  
Schedule 1  
Current Revenues

For the Year Ended June 30, 2008

2008

2007

Current Revenues

32 010 Provincial Government Grants

011 Regular operating grants \$ 50,870,918 \$ 45,829,580

016 Special grants

French immersion

Official language monitor

French language recuperation

Textbook credit allocation

Communication technology

Other

Salaries and benefits

017 Directors and assistant directors 1,672,849 1,485,458

021 Regular teachers 249,001,050 238,049,823

Teachers' severance

022 Substitute teachers

Student assistants 7,025,375 6,172,932

030 Pupil transportation

031 Board owned 3,231,582 3,109,816

032 Contracted 15,964,953 15,176,730

033 Special needs transportation 2,254,539 2,174,766

330,021,266

311,999,105

33 010 Donations

012 Cash receipts

013 Non cash receipts

014 Restricted use

34 010 Ancillary Services

011 Revenues from rental of residences

021 Revenues from rental of Schools and facilities (Net) 105,876 63,221

031 Cafeterias

032 Other

105,876

63,221

Eastern School District  
Schedule 1 (Cont'd)  
Current Revenues

For the Year Ended June 30, 2008	2008	2007
35 010 Miscellaneous		
011 Interest on investments and bank	\$ 622,441	\$ 483,654
012 Bus charters		
021 Recoveries of expenditures		
031 Revenues from other School Districts		
051 Insurance proceeds		
061 Bilingual education revenue		
071 Operating revenue from native peoples grant		
081 Miscellaneous grants and Special Projects	118,583	(53,531)
091 Textbooks - net		778,095
092 Other		
Summer and night school fees		
Gain on sale of capital assets		48,922
Technology support initiative		
Sundry	370,219	437,591
093 Grant - MUN		
	<u>1,111,243</u>	<u>1,694,731</u>
Total Current Revenues	<u>\$331,238,385</u>	<u>\$313,757,057</u>

Eastern School District  
Schedule 2  
Administration Expenditures

For the Year Ended June 30, 2008	2008	2007
51 Salaries and benefits		
011 Directors, Assistant Directors and Senior Education Officers	\$ 1,659,117	\$ 1,481,012
012 Board office personnel	2,131,476	1,655,151
013 Office supplies	92,154	67,939
014 Replacement furniture and equipment	19,746	15,589
015 Postage	27,027	21,694
016 Telephone	162,535	145,639
017 Office equipment rentals and repairs	7,092	39,057
018 Bank charges	3,167	736
019 Electricity	72,294	73,727
021 Fuel	5,108	4,879
023 Repairs and maintenance	17,612	6,717
024 Travel	61,266	115,528
025 Board meeting expenses	129,924	119,953
027 Professional fees	124,633	156,822
028 Advertising and public relations	117,588	103,273
029 Membership dues	95,172	84,516
031 Municipal service fees	9,052	5,253
032 Rental of office space	621,853	313,259
034 Professional development and meetings	22,001	7,938
Total Administration expenditures	<u>\$ 5,378,817</u>	<u>\$ 4,418,682</u>

Eastern School District  
Schedule 3  
Instruction Expenditures

For the Year Ended June 30, 2008

2008

2007

52 010 Instructional Salaries

Teachers' salaries

011 Regular	\$202,657,056	\$191,627,511
012 Substitute	8,883,904	8,685,467
013 Board paid		
014 Augmentation		
015 Employee benefits - teachers	33,266,826	33,729,464
016 School secretaries - salaries and benefits	4,929,955	4,609,922
017 Payroll tax	4,365,780	4,190,215
018 Other		
Co-operative education		
Salaries and benefits - IT	792,014	707,720
Salaries and benefits - program assistants	64,334	57,232
Salaries and benefits - student assistants	<u>6,903,168</u>	<u>6,065,455</u>

261,863,037 249,672,986

52 040 Instructional Materials

041 General supplies	3,683,922	4,081,762
042 Library resource materials	1,446	117,806
043 Teaching aids	1,004,265	1,383,089
044 Textbooks		812,521
045 Other - Special and regional services		

4,689,633 6,395,178

52 060 Instructional Furniture and Equipment

061 Replacement	80,735	21,944
062 Rentals and repairs		
063 Salary and benefits - computer technicians		

80,735 21,944

50 080 Instructional Staff Travel

080 IT Travel	81,653	43,807
081 Program co-ordinators	371,518	316,668
082 Teachers' travel	138,164	79,399
083 Inservice and conferences	<u>143,685</u>	<u>130,809</u>

735,020 570,683

52 090 Other Instructional Costs

091 Postage and stationary	<u>25,000</u>	<u>25,000</u>
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Total instruction expenditures \$267,393,425 \$256,685,791

Eastern School District  
Schedule 4  
Operations and Maintenance Expenditures - Schools

For the Year Ended June 30, 2008

2008

2007

53

Salaries		
011 Janitorial	\$ 12,288,989	\$ 11,928,870
012 Maintenance	1,395,867	1,067,049
013 Payroll tax	214,285	212,136
014 Electricity	6,208,859	6,576,127
015 Fuel	2,431,452	1,548,762
016 Municipal service fee	749,081	646,512
017 Telephone	1,357,035	1,342,084
018 Vehicle operating and travel	223,417	191,316
019 Janitorial supplies	775,723	685,019
021 Janitorial equipment	62,581	41,425
022 Repairs and maintenance - buildings	4,741,739	3,814,023
023 Equipment maintenance	23,959	20,472
025 Snow clearing	<u>1,322,803</u>	<u>1,322,143</u>
Total operations and maintenance	<u>\$ 31,795,790</u>	<u>\$ 29,395,938</u>

Eastern School District  
Schedule 5  
Pupil Transportation Expenditures

For the Year Ended June 30, 2008

2008

2007

54 010 Operation and Maintenance of Board Owned Fleet

Salaries and Benefits	\$	132,602	\$	105,990
011 Administration		1,579,923		1,540,240
012 Drivers and Mechanics		27,540		26,622
013 Payroll Tax		153,702		171,992
014 Debt Repayment- Interest		355,872		361,253
015 Principal		468,208		409,079
017 Gas and oil		31,957		31,661
018 Licenses		49,151		50,507
019 Insurance		235,891		302,299
021 Repairs and Maintenance - Fleet		36,464		20,359
022 Building		46,940		28,617
023 Tires and Tubes		9,193		10,012
024 Heat and Light		1,261		590
025 Municipal Service		9,532		3,451
026 Snow Clearing		7,455		14,157
027 Office Supplies		5,540		3,127
029 Travel		964		8,347
031 Professional Fees		39,565		7,010
032 Miscellaneous		40,869		33,406
033 Telephone				
		3,232,629		3,128,719

54 040 Contracted Services

041 Regular transportation	15,874,450	15,082,174
042 Handicapped	2,254,539	2,174,766
047 Salaries	116,473	111,111

Pupil transportation expenditures

\$ 21,478,091 \$ 20,496,770



Eastern School District  
Schedule 6  
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30, 2008

2008

2007

Ancillary Services

The Board operates the following ancillary services:

55 Ancillary services

011 Operation of teachers' residences

031 Cafeterias

032 Other - environmental education

\$ 71,766

\$ 70,000

\$ 71,766

\$ 70,000

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses.

57 011 Bad debt expense

\$ 111,692

\$ 75,356

Special incentive program

Other miscellaneous expenditures

23,580

13,011

012 Provision for severance pay

\$ 135,272

\$ 88,367

Eastern School District  
Schedule 7  
Details of Capital Assets  
For the Year Ended June 30, 2008

	Cost June 30, 2007	Additions - net	Cost June 30, 2008	Accumulated Amortization June 30, 2007	Amortization	Accumulated Amortization June 30, 2008	Net Book Value June 30, 2008
12 210 Land and Sites	\$ 5,114,659	\$ 109,536	\$ 5,224,195				\$ 5,224,195
12 220 Buildings							
221 Schools	265,238,881	17,212,731	282,451,612	\$ 133,877,222	\$ 6,108,445	\$ 139,985,667	142,465,945
222 Administration	5,590,942		5,590,942	1,351,049	57,865	1,418,914	4,172,028
223 Residential	10,000		10,000	400	200	600	9,400
224 Recreational							
225 Other	452,854		452,854	393,968	9,057	403,025	49,829
	<u>271,292,677</u>	<u>17,212,731</u>	<u>288,505,408</u>	<u>135,622,639</u>	<u>6,185,567</u>	<u>141,808,206</u>	<u>146,697,202</u>
12 230 Furniture and Equip.							
231 Schools	28,952,374	2,038,885	30,991,259	17,079,939	3,675,448	20,755,387	10,235,872
232 Administration	3,173,731		3,173,731	1,904,239	380,847	2,285,086	888,645
233 Residential	850		850	510	102	612	238
234 Recreation							
235 Other	27,648		27,648	16,589	3,318	19,907	7,741
	<u>32,154,603</u>	<u>2,038,885</u>	<u>34,193,489</u>	<u>19,001,277</u>	<u>4,059,715</u>	<u>23,060,992</u>	<u>11,132,496</u>
12 240 Vehicles							
241 Service vehicles	271,239	185,974	457,213	63,553	72,022	135,575	321,638
12 250 Pupil Transportation							
251 Land							
252 Building	152,886		152,886	23,270	1,057	24,327	128,559
Vehicles							
253 Buses	5,774,961		5,774,961	3,049,556	444,794	3,494,350	2,280,611
254 Service	59,383		59,383	14,846	7,423	22,269	37,114
255 Equipment							
256 Other							
	<u>5,987,230</u>		<u>5,987,230</u>	<u>3,087,672</u>	<u>453,274</u>	<u>3,540,946</u>	<u>2,446,284</u>
12 260 Misc. Capital Assets							
Computers	894,464		894,464	357,786	178,892	536,678	357,786
Tools	18,163		18,163	7,264	3,633	10,897	7,266
Water lines	29,151		29,151	1,943	972	2,915	26,236
Resource lines							
	<u>941,778</u>		<u>941,778</u>	<u>366,993</u>	<u>183,497</u>	<u>550,490</u>	<u>381,288</u>
Subtotal	315,762,186	19,547,126	335,309,312	158,142,134	10,954,075	169,096,209	166,213,103
Energy retrofit	5,834,303		5,834,303	5,515,506	182,338	5,697,843	136,460
Total Capital Assets	<u>\$ 321,596,489</u>	<u>\$ 19,547,126</u>	<u>\$ 341,143,615</u>	<u>\$ 163,657,640</u>	<u>\$ 11,136,413</u>	<u>\$ 174,794,052</u>	<u>\$ 166,349,563</u>

Eastern School District  
Schedule 8  
Details of Long-Term Debt

For the Year Ended June 30, 2008

2008

2007

Ref. #

211 Bank Loans

Repayable \$ 16,814 monthly, maturing 2011	\$ 506,044	\$ 682,267
Repayable \$ 9,443 monthly, maturing 2014	698,795	812,113
Repayable \$ 7,833 monthly, maturing 2009	60,889	150,415
Repayable \$ 883 monthly, maturing 2009	6,719	15,886
Repayable \$ 833 monthly, maturing 2013	161,199	

Total 211	<u>1,695,162</u>	<u>2,071,892</u>
-----------	------------------	------------------

212 Mortgages

Total 212	<u>                    </u>	<u>                    </u>
-----------	-----------------------------	-----------------------------

213 Debentures

Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____	<u>                    </u>	<u>                    </u>

Total 213	<u>                    </u>	<u>                    </u>
-----------	-----------------------------	-----------------------------

Subtotal	1,695,162	2,071,892
----------	-----------	-----------

215 Less current maturities	<u>386,904</u>	<u>460,356</u>
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Total loans other than pupil transportation	<u>\$ 1,308,258</u>	<u>\$ 1,611,536</u>
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Eastern School District  
Schedule 8 (Cont'd)  
Details of Long-Term Debt

For the Year Ended June 30, 2008

2008

2007

22 220 Loans - pupil transportation

Ref #

221 Vehicle bank loans

Repayable \$	430	monthly, maturing	2011	\$	15,498	\$	20,658
Repayable \$	4,169	monthly, maturing	2012		195,933		245,958
Repayable \$	2,019	monthly, maturing	2011		86,798		111,021
Repayable \$	5,744	monthly, maturing	2013		411,913		463,944
Repayable \$	4,320	monthly, maturing	2017		416,639		446,629
Repayable \$	3,910	monthly, maturing	2016		328,475		375,400
Repayable \$	4,336	monthly, maturing	2016		350,944		419,871
Repayable \$	1,095	monthly, maturing	2014		78,850		91,991
Repayable \$	1,679	monthly, maturing	2014		127,622		147,773
Repayable \$	521	monthly, maturing	2012		20,717		26,448
Repayable \$	521	monthly, maturing	2013		30,229		35,962
Repayable \$	4,393	monthly, maturing	2015		396,678		430,516

Total 221

2,460,296

2,816,171

222 Land, buildings and equipment bank loans

repayable \$		monthly, maturing					
repayable \$		monthly, maturing					
repayable \$		monthly, maturing					
repayable \$		monthly, maturing					
repayable \$		monthly, maturing					

Total 222

223 Less current maturities

365,920

366,914

Total loans - pupil transportation

2,094,376

2,449,257

Total long-term debt

\$ 3,402,634

\$ 4,060,793

Eastern School District  
Schedule 8A  
Summary of Long-Term Debt

For the Year Ended June 30, 2008

Description	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School construction					
B) Equipment	7.5%	\$ 2,071,892	\$ 185,972	\$ 562,702	\$ 1,695,162
C) Service vehicles					
D) Other					
E) Pupil					
Transportation		2,816,171		355,875	2,460,296
Total Loans		\$ 4,888,063	\$ 185,972	\$ 918,577	\$ 4,155,458

Eastern School District  
Schedule 8B  
Schedule of Current Maturities

For the Year Ended June 30, 2008

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School construction					
B) Equipment	\$ 386,904	\$ 321,534	\$ 173,633	\$ 70,882	\$ 99,696
C) Service vehicles					
D) Other					
E) Pupil	365,920	363,307	366,742	346,118	287,906
Transportation					
Total loans	\$ 752,824	\$ 684,841	\$ 540,375	\$ 417,000	\$ 387,602

Eastern School District  
Schedule 8C  
Schedule of Interest Expense

Year Ended June 30, 2008

2008

2007

56 010

Description

012 Capital

School construction

Equipment

\$ 53,106 \$ 121,594

Service vehicles

7,168

Other

Debt restructuring

35,691 34,493

Energy management - capital lease

163,678 144,826

Total Capital

259,643 300,913

Current

013 Operating loans

014 Supplier interest charges

Total Current

Total Interest Expense

\$ 259,643 \$ 300,913

**Eastern School District  
Supplementary Information**

For the Year Ended June 30, 2008

2008

2007

**1. Cash**

**Current**

11 110 Cash on Hand and in Bank

Bank

112 Current

113 Savings

114 Teachers' payroll

115 Non teachers' payroll

116 Executive payroll

117 Other - Funds

\$ 13,131,295

\$ 11,787,187

37,280

540,144

2,500

2,500

13,171,075

12,329,831

**Capital**

11 210 Cash on hand and in bank

211 Cash on hand

Bank

212 Current

213 Savings

214 Other

\$ 13,171,075

\$ 12,329,831

Total cash on hand and in bank

**2. Short Term Investments**

**Current**

11 121 Term deposits - restricted

122 Marketable securities

123 Other

- Canada treasury bills

- Mutual funds

- Balance in broker account

- Guaranteed Investment Certificates

\$ 707,430

\$ 688,838

181,434

219,537

**Capital**

11 221 Term deposits

222 Canada savings bonds

223 Other

\$ 888,864

\$ 908,375

Total Short-term investments

Term deposits relate to funds specifically allocated for educational purposes within the Province of Newfoundland and Labrador. These amounts are not intended for general operations of the District



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Eastern School District  
Supplementary Information

For the Year Ended June 30, 2008

2008

2007

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3. Prepaid Expenses

Current

11 141 Insurance	\$ 16,559	\$ 17,116
142 Municipal service fees	162,428	175,298
143 Supplies		
144 Other		
Equipment lease		
Workers' compensation	350,489	348,566
Garbage collection		
Vehicle insurance		13,831
Other		

Capital

11 241 Other

\$ 529,476	\$ 554,811
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**BYRON  
SMITH**  
CHARTERED ACCOUNTANT  
MANAGEMENT CONSULTANT



**Embalmers and Funeral Directors Board of  
Newfoundland and Labrador**

Financial Statements

December 31, 2008

Maxwell C. Porter  
CERTIFIED GENERAL ACCOUNTANT

**Maxwell C. Porter**  
**CERTIFIED GENERAL ACCOUNTANT**  
**ACCOUNTING AND FINANCIAL CONSULTING**

265 Grenfell Heights  
Grand Falls - Windsor, NL  
A2A 2J2

Telephone: (709) 489-1892  
Fax: (709) 489-1884

**Auditor's Report**

To the Board of Directors of:

The Embalmers and Funeral Directors Board of Newfoundland and Labrador

I have audited the balance sheet of The Embalmers and Funeral Directors Board of Newfoundland and Labrador as at December 31, 2008 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Board of Managers. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2008 and the results of its operations, and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

May 13, 2009

Grand Falls-Windsor, NL

  
MAXWELL C. PORTER, FCGA

**Embalmers and Funeral Directors Board of Newfoundland and Labrador**  
**BALANCE SHEET**  
**As at December 31,**

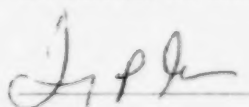
**STATEMENT 1**

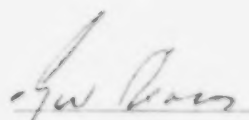
	2008	2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 2)	\$ 209,469	\$ 179,504
Accounts receivable (Note 3)	24,375	29,525
Prepaid expenses	1,120	1,416
	234,964	210,445
	<b>\$ 234,964</b>	<b>\$ 210,445</b>

**LIABILITIES AND MEMBERS' SURPLUS**

<b>Current liabilities</b>		
Accrued liabilities	\$ 2,091	\$ 2,091
Deferred revenue (Note 5)	54,070	51,595
	56,161	53,686
<b>Members' Surplus</b>		
Surplus	178,803	156,759
	<b>\$ 234,964</b>	<b>\$ 210,445</b>

**ON BEHALF OF THE BOARD:**

 , Board Member

 , Board Member

The accompanying notes form an integral part of these financial statements.

Maxwell C. Porter  
 CERTIFIED GENERAL ACCOUNTANT

**Embalmers and Funeral Directors Board of Newfoundland and Labrador**  
**STATEMENT OF REVENUE, EXPENSES AND SURPLUS**  
**For the year ended December 31,**

**STATEMENT 2**

	2008	2007
<b>REVENUE</b>		
Fees	\$ 51,970	\$ 51,204
Interest	2,838	3,975
	<b>\$ 54,808</b>	<b>\$ 55,179</b>
<b>EXPENSES</b>		
Administrator fees	7,000	7,000
Bank charges	55	68
Board meetings	9,817	14,833
Conference - National	1,175	-
Honorariums	1,200	2,400
Inspections	1,966	823
Insurance	1,862	2,015
Miscellaneous	208	-
Office	5,311	4,581
Professional fees	2,091	2,091
Seminars	1,540	-
Telephone	539	288
	<b>32,764</b>	<b>34,099</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 22,044</b>	<b>\$ 21,080</b>
<b>Surplus, beginning of year</b>	<b>\$ 156,759</b>	<b>\$ 135,679</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>22,044</b>	<b>21,080</b>
<b>Surplus, end of year</b>	<b>\$ 178,803</b>	<b>\$ 156,759</b>

The accompanying notes form an integral part of these financial statements.

Maxwell C. Porter  
 CERTIFIED GENERAL ACCOUNTANT

**Embalmers and Funeral Directors Board of Newfoundland and Labrador**  
**STATEMENT OF CASH FLOWS**  
**for the year ended December 31,**

**STATEMENT 3**

	<b>2008</b>	<b>2007</b>
<b>Operating activities:</b>		
Excess of revenues over expenditures	\$ 22,044	\$ 21,080
Changes in non-cash working capital		
Accounts receivable	5,150	6,395
Prepaid expenses	296	28
Accrued liabilities	-	39
Deferred revenue	2,475	(775)
	<u>29,965</u>	<u>26,767</u>
Cash and cash equivalents, beginning of year	179,504	152,737
<b>Cash and cash equivalents, end of year</b>	<b>\$ 209,469</b>	<b>\$ 179,504</b>
Cash and cash equivalents consists of:		
Cash	\$ 99,531	\$ 73,603
Term deposits	109,938	105,901
	<u>\$ 209,469</u>	<u>\$ 179,504</u>

The accompanying notes form an integral part of these financial statements.

Maxwell C. Porter  
 CERTIFIED GENERAL ACCOUNTANT

**Embalmers and Funeral Directors Board of Newfoundland and Labrador**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

**Use of estimates**

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, balance with bank and short term deposits with original maturities of one year or less. Bank borrowings are considered to be financing activities.

	2008	2007
Cash	\$ 99,531	\$ 73,603
Investments	109,938	105,901
	<u>\$ 209,469</u>	<u>\$ 179,504</u>

Investments activity for the year;

Money master for business, Bank of Nova Scotia, interest at prime;

Opening balance:	\$ 2,185
Deposits	1,200
Interest earned	60
Ending balance:	<u>\$ 3,445</u>

Guaranteed Investment Certificates, Bank of Nova Scotia, interest at 2.50% maturing February 9, 2009.

Opening balance:	\$ 103,716
Deposits	-----
Interest earned	2,777
Ending balance:	<u>\$ 106,493</u>

Maxwell C. Porter  
CERTIFIED GENERAL ACCOUNTANT



**Embalmers and Funeral Directors Board of Newfoundland and Labrador**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2008

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consists of membership fees and licenses for the subsequent year that were invoiced from October to December of the current year.

**4. FINANCIAL INSTRUMENTS**

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

**5. DEFERRED REVENUE**

Deferred revenue is calculated as the revenue recorded in October-December of the current year which relates to fees that are collected in and are for the following year.

Maxwell C. Porter  
CERTIFIED GENERAL ACCOUNTANT



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**GRENFELL FOUNDATION INCORPORATED**

AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2009

### AUDITORS' REPORT

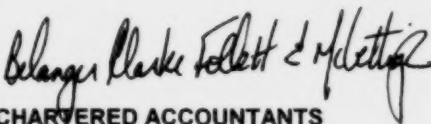
To the Board of Directors of **Grenfell Foundation Incorporated**

We have audited the balance sheet of **Grenfell Foundation Incorporated** as at March 31, 2009 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, operations, assets and net assets.

In our opinion, except for the effect of any adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

  
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador  
July 7, 2009


**GRENFELL FOUNDATION INCORPORATED**  
**BALANCE SHEET**  
AS AT MARCH 31, 2009

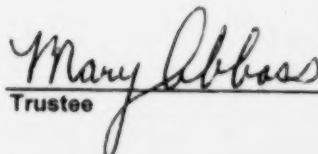
	<u>2009</u>	<u>2008</u>
	\$	\$
<b><u>ASSETS</u></b>		
Current		
Cash		
Regular	368,186	258,294
Restricted for endowment purposes	778,231	778,231
Receivables	18,631	17,268
	<u>1,165,048</u>	<u>1,053,793</u>

<b><u>LIABILITIES</u></b>		
Current		
Due to Labrador - Grenfell Regional Health Authority	185,242	170,032
Deferred contributions	4,000	4,000
	<u>189,242</u>	<u>174,032</u>

<b><u>NET ASSETS, PER ACCOMPANYING STATEMENT</u></b>		
Net assets restricted for endowment purposes	778,231	778,231
Unrestricted net assets	197,575	101,530
	<u>975,806</u>	<u>879,761</u>
	<u>1,165,048</u>	<u>1,053,793</u>

Signed on behalf of the Board:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

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**GRENFELL FOUNDATION INCORPORATED**  
**STATEMENT OF CHANGES IN NET ASSETS**  
YEAR ENDED MARCH 31, 2009

	2009		Total 2009	Total 2008
	Endowment Purposes	Unrestricted Operating		
	\$	\$	\$	\$
Balance, beginning	778,231	101,530	879,761	897,866
Excess (deficiency) of revenues over expenditures	-	96,045	96,045	(18,105)
Balance, ending	<u>778,231</u>	<u>197,575</u>	<u>975,806</u>	<u>879,761</u>

**GRENFELL FOUNDATION INCORPORATED**  
**STATEMENT OF OPERATIONS**  
YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
Revenues		
Donations	269,014	178,893
Fundraising	25,691	26,265
Interest	39,804	33,800
Miscellaneous	4,946	1,333
	<u>339,455</u>	<u>240,291</u>
Expenditures		
Advertising and promotion	328	92
Donations to Labrador - Grenfell Regional Health Authority (Note 3)	170,702	206,854
Heritage night	-	6,172
Fundraising	12,858	8,714
Office	-	1,704
Professional fees	-	60
Salaries and wages	21,271	29,066
Supplies	32,218	5,547
Travel	6,033	187
	<u>243,410</u>	<u>258,396</u>
Excess (deficiency) of revenues over expenditures	<u>96,045</u>	<u>(18,105)</u>

**GRENFELL FOUNDATION INCORPORATED**  
**STATEMENT OF CASH FLOW**  
YEAR ENDED MARCH 31, 2009

	<u>2009</u> \$	<u>2008</u> \$
Cash Flows		
Operations:		
Excess (deficiency) of revenues over expenditures	96,045	(18,105)
Changes in:		
Receivables	(1,363)	1,155
Due to (from) operating fund	15,210	168,302
	<u>109,892</u>	<u>151,352</u>
Net change in cash and cash equivalents for year	109,892	151,352
Cash and cash equivalents, beginning of year	<u>1,036,525</u>	<u>885,173</u>
Cash and cash equivalents, end of year	<u><u>1,146,417</u></u>	<u><u>1,036,525</u></u>
Cash and cash equivalents consists of:		
	<u>2009</u> \$	<u>2008</u> \$
Cash - regular	368,186	258,294
Cash - restricted form endowment purposes	<u>778,231</u>	<u>778,231</u>
	<u><u>1,146,417</u></u>	<u><u>1,036,525</u></u>



**GRENFELL FOUNDATION INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**1. NATURE OF OPERATIONS**

The Foundation is incorporated under the laws of the Province of Newfoundland and Labrador and is a not-for-profit organization which raises funds to help the Labrador - Grenfell Regional Health Authority purchase capital equipment.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Pledges

Revenue from pledges is recognized in the year received since donations are recorded on a cash basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**3. DONATIONS TO LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY FOR THE PURCHASE OF CAPITAL EQUIPMENT**

	<u>2009</u>	<u>2008</u>
	\$	\$
Ventilators	38,090	58,252
Microscope	-	40,000
EKG Machine	-	18,747
Fetal Monitor	-	28,871
Double IV Pump	-	4,265
Defibrillators	-	35,490
Palliative Care Bed	-	8,837
Centrifuge	-	3,691
Vacuum Mattress	-	684
Film Processor	-	2,353
Haag-Streit Site Lamp	34,786	-
Anesthesia System	50,000	-
Infant Flow Driver	-	-
Nidex Digital Fundus Camera	36,858	-
Tono-Pen Tonometer	5,044	-
Lift and Slings	-	5,664
Acute Care Bed	5,924	-
	<u>170,702</u>	<u>206,854</u>

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**GRENFELL FOUNDATION INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**4. INCOME TAXES**

The foundation is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.



Non-Consolidated Financial Statements

Health Care Foundation of St. John's Inc.

March 31, 2009

## Auditors' report

Grant Thornton LLP  
187 Kenmount Road  
St. John's, NL  
A1B 3P9  
T (709) 722-5960  
F (709) 722-7892  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

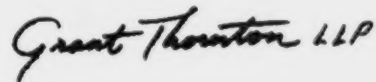
To the Board of Directors of Health Care Foundation of St. John's Inc.

We have audited the non-consolidated statement of financial position of the Health Care Foundation of St. John's Inc. at March 31, 2009 and the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended. These non-consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit.

Except as explained in the following paragraph we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the non-consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives its revenues from donations and other fundraising activities, the completeness of which is not susceptible to conclusive audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

In our opinion, except for the effects of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepting accounting principles.



St. John's, Newfoundland and Labrador

June 10, 2009

Chartered Accountants

# Health Care Foundation of St. John's Inc.

## Non-Consolidated Statement of Operations

Year Ended March 31

2009

2008

	Operating Fund	Restricted Fund	Total	Total
Revenue				
Annual giving	\$ 385,371	\$ 51,807	\$ 437,178	\$ 450,652
Major gifts	187,271	671,373	858,644	512,719
Planned giving	176,222	93,368	271,590	109,312
Special events	477,461	-	477,461	437,006
Hospital Home Lottery	378,902	-	378,902	-
Interest	<u>62,802</u>	<u>-</u>	<u>62,802</u>	<u>78,946</u>
	<u>1,668,029</u>	<u>818,548</u>	<u>2,486,577</u>	<u>1,588,635</u>
Expenditures				
Salaries and benefits	436,481	-	436,481	413,310
Annual giving	113,952	-	113,952	116,689
Major gifts	8,664	-	8,664	11,488
Planned giving	3,250	-	3,250	3,932
Special events	148,900	-	148,900	141,884
Administration	63,623	-	63,623	96,766
Communications	93,439	-	93,439	8,660
Amortization	<u>4,784</u>	<u>-</u>	<u>4,784</u>	<u>4,783</u>
	<u>873,093</u>	<u>-</u>	<u>873,093</u>	<u>797,512</u>
Excess of revenue over expenditures before undernoted contributions	<u>794,936</u>	<u>818,548</u>	<u>1,613,484</u>	<u>791,123</u>
Grants				
Grants to Eastern Health	60,084	968,705	1,028,789	-
Scholarships and grants	<u>112,000</u>	<u>-</u>	<u>112,000</u>	<u>215,758</u>
	<u>172,084</u>	<u>968,705</u>	<u>1,140,789</u>	<u>215,758</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ 622,852</u>	<u>\$ (150,157)</u>	<u>\$ 472,695</u>	<u>\$ 575,365</u>

Health Care Foundation of St. John's Inc.  
Non-Consolidated Statement of Changes in Net Assets

Year Ended March 31

2009

2008

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ 103,937	\$ 1,263,802	\$ 1,367,739	\$ 792,374
Excess of revenue over expenditures (expenditures over revenue)	622,852	(150,157)	472,695	575,365
Transfer from restricted fund to operating fund	<u>200,579</u>	<u>(200,579)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 927,368</u>	<u>\$ 913,066</u>	<u>\$ 1,840,434</u>	<u>\$ 1,367,739</u>

Health Care Foundation of St. John's Inc.  
Non-Consolidated Statement of Financial Position

March 31

2009

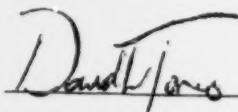
2008

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents (Note 6)	\$ 1,461,676	\$ 1,041,816	\$ 2,503,492	\$ 2,206,450
Receivables	10,377	140	10,517	2,883
Receivable from Hospital Home Lottery trust fund	60,479	-	60,479	-
Due from operating fund	-	-	-	2,055
Prepays	<u>9,078</u>	<u>-</u>	<u>9,078</u>	<u>9,378</u>
	1,541,610	1,041,956	2,583,566	2,220,766
Capital assets (Note 5)	<u>5,412</u>	<u>-</u>	<u>5,412</u>	<u>10,196</u>
	<u>\$ 1,547,022</u>	<u>\$ 1,041,956</u>	<u>\$ 2,588,978</u>	<u>\$ 2,230,962</u>
<b>Liabilities</b>				
<b>Current</b>				
Payables and accruals	\$ 82,292	\$ 3,869	\$ 86,161	\$ 18,410
Hospital Home Lottery trust fund payable	38,166	-	38,166	-
Deferred revenue	800	-	800	3,800
Due to Eastern Regional Health Authority	419,455	125,021	544,476	770,261
Due to restricted fund	-	-	-	2,055
Accrued vacation pay	<u>61,874</u>	<u>-</u>	<u>61,874</u>	<u>52,849</u>
	602,587	128,890	731,477	847,375
Deferred compensation	<u>17,067</u>	<u>-</u>	<u>17,067</u>	<u>15,848</u>
	<u>619,654</u>	<u>128,890</u>	<u>748,544</u>	<u>863,223</u>
<b>Net Assets</b>				
Restricted net assets	-	913,066	913,066	1,263,802
Unrestricted net assets	<u>927,368</u>	<u>-</u>	<u>927,368</u>	<u>103,937</u>
	<u>927,368</u>	<u>913,066</u>	<u>1,840,434</u>	<u>1,367,739</u>
	<u>\$ 1,547,022</u>	<u>\$ 1,041,956</u>	<u>\$ 2,588,978</u>	<u>\$ 2,230,962</u>

On behalf of the Board



Director



Director

# Health Care Foundation of St. John's Inc.

## Non-Consolidated Statement of Cash Flows

Year Ended March 31

2009

2008

	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>
Increase in cash and cash equivalents				
<b>Operating</b>				
Excess of revenue over expenditures (expenditures over revenue)	\$ 622,852	\$ (150,157)	\$ 472,695	\$ 575,365
Transfer from restricted fund to operating fund	200,579	(200,579)	-	-
Amortization	4,784	-	4,784	4,783
Increase in deferred compensation	<u>1,219</u>	<u>-</u>	<u>1,219</u>	<u>2,891</u>
	829,434	(350,736)	478,698	583,039
Changes in non-cash operating working capital (Note 6)	<u>(97,581)</u>	<u>(84,075)</u>	<u>(181,656)</u>	<u>114,423</u>
	<u>731,853</u>	<u>(434,811)</u>	<u>297,042</u>	<u>697,462</u>
Net increase in cash and cash equivalents	731,853	(434,811)	297,042	697,462
Cash and cash equivalents				
Beginning of year	<u>729,823</u>	<u>1,476,627</u>	<u>2,206,450</u>	<u>1,508,988</u>
End of year	<u>\$ 1,461,676</u>	<u>\$ 1,041,816</u>	<u>\$ 2,503,492</u>	<u>\$ 2,206,450</u>



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# Health Care Foundation of St. John's Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2009

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### **1. Nature of operations**

The Health Care Foundation of St. John's Inc. (the "Foundation") raises funds to meet the financial needs of the Eastern Regional Health Authority for capital projects, equipment, programs and research directly related to the health and welfare of the people of Newfoundland and Labrador, while promoting public awareness of these needs.

The Foundation is a registered charity and, while registered, is exempt from income tax and may issue tax-deductible receipts.

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### **2. Summary of significant accounting policies**

#### **Basis of presentation**

These non-consolidated financial statements include all assets, liabilities, revenue and expenditures of the Foundation.

#### **Fund accounting**

The Foundation employs fund accounting, classifying financial statement items in either the operating or restricted fund.

The operating fund raises funds to help support the St. Clare's Mercy Hospital, General Hospital - Health Sciences Centre, Dr. L.A. Miller Centre, Waterford Hospital and the Dr. Walter Templeman Center.

The restricted fund consists of donations which are restricted by the donors to specific purposes and which are recorded to reflect their designation.

#### **Use of estimates**

In preparing the Foundation's non-consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks.

#### **Capital assets**

Capital assets are recorded at cost and amortized on a straight line basis over five years.

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**Health Care Foundation of St. John's Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
March 31, 2009

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**2. Summary of significant accounting policies (cont'd.)**

**Impairment of long-lived assets**

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

**Accrued vacation pay**

Vacation pay is accrued for all employees as entitlement to these payments is earned.

**Deferred compensation**

Deferred compensation pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Deferred compensation is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for deferred compensation is recorded in the accounts for any employee who has less than nine years of service. Deferred compensation is payable when the employee ceases employment with the Foundation.

**Revenue recognition**

The Foundation follows the restricted fund method of accounting for contributions whereby restricted contributions are recognized as revenue when received or receivable and when collectibility is reasonably assured.

Unrestricted contributions, excluding donations, are recognized as revenue when received or receivable when collectibility is reasonably assured.

Revenue from donations, including pledges, is recognized in the accounts of the Foundation in the year in which it is received.

**Donated materials and services**

Donated material and services are recorded in the financial statements when the fair value of these items can be reasonably estimated. The Foundation has recognized \$13,043 (2008 - \$29,685) as donated materials and services during the year. These included prizes for various events.

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# Health Care Foundation of St. John's Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2009

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### 2. Summary of significant accounting policies (cont'd.)

#### Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis. The total pension expense for the Foundation for the year was \$24,209 (2008 - \$22,905).

#### Financial instruments

The CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Foundation to revalue all of its financial assets and liabilities, including any derivatives and embedded derivatives in certain contracts, at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the Foundation to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized.

Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

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**Health Care Foundation of St. John's Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
**March 31, 2009**

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**2. Summary of significant accounting policies (cont'd.)**

In accordance with this standard, the Foundation's financial assets and liabilities are generally classified and measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, capital assets and deferred revenue are not within the scope of these accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Foundation would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument, various market value data was used as appropriate. The fair value of cash approximated its carrying value.

**Accounting standard adopted during the year**

**(i) Financial instruments – disclosure and financial instruments - presentation**

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments - Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risk associated with financial instruments such as credit risk and market risks, liquidity risks and the techniques used to identify, monitor and manage these risks. CICA Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

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# Health Care Foundation of St. John's Inc.

## Notes to the Non-Consolidated Financial Statements

March 31, 2009

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### 3. Risk management

The Foundation's policy for managing significant risks includes a comprehensive infrastructure of policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Foundation include liquidity and credit risks.

#### *Liquidity risk*

Liquidity risk is the risk that the Foundation will be unable to meet its contractual obligations and financial liabilities. The Foundation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Foundation's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

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### 4. Control of not-for-profit entity

The Foundation controls the Ever Green Environmental Corporation (formerly the Waterford Foundation Inc.). The Ever Green Environmental Corporation is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador.

On November 1, 2002, the Health Care Foundation of St. John's Inc. assumed the operations of the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation, and the Capital Campaign Fund. The Ever Green Environmental Corporation continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

The Ever Green Environmental Corporation has not been consolidated in the Foundations' financial statements. A financial summary of this non-consolidated entity as at March 31, 2009 and for the year then ended is as follows:

**Health Care Foundation of St. John's Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
 March 31, 2009

<b>4. Control of not-for-profit entity (cont'd.)</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Financial position</b>		
Total assets	<u>\$ 3,157,366</u>	<u>\$ 2,319,286</u>
Total liabilities	<u>1,818,368</u>	<u>862,761</u>
Total net assets	<u>1,338,998</u>	<u>1,456,525</u>
	<u>\$ 3,157,366</u>	<u>\$ 2,319,286</u>
<b>Results of operations</b>		
Total revenue	<u>\$ 1,659,096</u>	<u>\$ 1,509,517</u>
Total expenditure	<u>1,776,622</u>	<u>1,713,612</u>
Excess of expenditures over revenue	<u>\$ (117,526)</u>	<u>\$ (204,095)</u>
<b>Cash flows</b>		
Cash and cash equivalents from operations	<u>\$ (6,944)</u>	<u>\$ (187,102)</u>
Cash and cash equivalents used in financing and investing activities	<u>127,948</u>	<u>136,666</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 121,004</u>	<u>\$ (50,436)</u>

The financial information presented for the current year is derived from internally prepared financial statements of the Evergreen Environmental Corporation and is unaudited, as the current year audit has not been finalized at the Foundation's audit report date. The comparative figures have been restated to conform to the most recent financial information provided by Evergreen Environmental Corporation.

5.	Capital assets		2009	2008
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 23,914	\$ 18,502	\$ 5,412	\$ 10,196

**Health Care Foundation of St. John's Inc.**  
**Notes to the Non-Consolidated Financial Statements**  
 March 31, 2009

<b>6. Supplemental cash flow information</b>		<b>2009</b>		<b>2008</b>	
	<u>Operating Fund</u>	<u>Restricted Fund</u>	<u>Total</u>	<u>Total</u>	
Changes in non-cash operating working capital					
Receivables	\$ (7,499)	\$ (135)	\$ (7,634)	\$	220
Receivable from Hospital Home Lottery trust fund	(60,479)	-	(60,479)	-	
Prepays	300	-	300	(366)	
Payables and accruals	69,363	(1,612)	67,751	9,926	
Trust Fund Payable	38,166	-	38,166	-	
Deferred revenue	(3,000)	-	(3,000)	3,800	
Due to restricted fund	(2,055)	-	(2,055)	2,055	
Due to operating fund	-	-	-	420,227	
Due from restricted fund	-	-	-	(420,227)	
Due from operating fund	-	2,055	2,055	(2,055)	
Due to Eastern Regional Health Authority	(141,402)	(84,383)	(225,785)	86,726	
Accrued vacation pay	9,025	-	9,025	14,117	
	<u>\$ (97,581)</u>	<u>\$ (84,075)</u>	<u>\$ (181,656)</u>	<u>\$</u>	<u>114,423</u>
Cash and cash equivalents			<b>2009</b>	<b>2008</b>	
Balance with bank (in trust)			\$ 38,166		
Balance with the bank and cash on hand			1,423,510	\$ 729,823	
Balance with bank (restricted)			<u>1,041,816</u>	<u>1,476,627</u>	
			<u>\$ 2,503,492</u>	<u>\$ 2,206,450</u>	

Balance held in trust relates to funds from the Hospital Home Lottery initiative. This lottery is administered by and conducted by an independent third party on behalf of the Foundation, who received 50% of the net proceeds from the Lottery in the current year.

**7. Related party transactions**

The Foundation operates for the purpose of accumulating funds to help support the various sites of the Eastern Regional Health Authority. Transactions between these related parties are measured at their exchange rate.





**HERITAGE FOUNDATION OF  
NEWFOUNDLAND AND LABRADOR  
FINANCIAL STATEMENTS  
31 MARCH 2009**

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR****BALANCE SHEET****31 March****2009****2008****ASSETS****Current**

Cash	\$ 23,728	\$ 34,211
Investments (Note 2)	1,012,140	607,956
Accounts receivable (Note 3)	21,915	198,224
Investment income receivable	12,407	13,893
Prepaid expenses	8,522	365
	1,078,712	854,649

**Capital assets (Note 4)**

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-

**\$ 1,078,712****\$ 854,649****LIABILITIES AND FUND BALANCE****Current**

Accounts payable and accrued liabilities	\$ 51,176	\$ 44,013
Deferred revenue (Note 5)	750,176	595,471
Accrued severance pay	57,399	40,847
	858,751	680,331

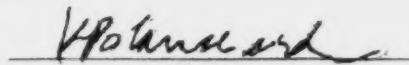
<b>Fund balance (Note 6)</b>	<b>219,961</b>	<b>174,318</b>
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**\$ 1,078,712****\$ 854,649****Grant commitments (Note 9)***See accompanying notes*

Signed on behalf of the Foundation:



Chairperson



Member



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador


**AUDITOR'S REPORT**

To the Chairperson and Members  
Heritage Foundation of  
Newfoundland and Labrador  
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2009 and the statements of revenues, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, CA**  
**Auditor General**

St. John's, Newfoundland and Labrador  
23 June 2009

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE**  
**For the Year Ended 31 March**

**2009**

**2008**

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Government of Canada (Note 7)	\$ 249,733	\$ 356,560	\$ 246,583
Province of Newfoundland and Labrador (Note 5)	493,753	475,000	328,640
Investment income	27,399	10,000	18,523
Miscellaneous	2,471	150	11,208
	<u>773,356</u>	<u>841,710</u>	<u>604,954</u>
<b>EXPENSES</b>			
Board travel and meetings	7,054	15,000	7,964
Church conference	31,168	45,000	-
Easement registration	404	-	807
Fisheries Heritage Preservation Initiative	40,941	75,000	55,262
Heritage districts	1,394	3,000	6,450
Heritage grants	97,346	200,000	65,439
Historic Places Initiative (Note 7)	249,733	356,560	246,583
Intangible Cultural Heritage Strategy (Note 8)	101,537	125,000	991
Miscellaneous	5,357	3,500	2,222
Office supplies	4,843	3,000	3,330
Plaquing	5,084	6,000	6,316
Professional fees	6,420	3,000	2,500
Public relations	1,335	750	-
Salaries and benefits	169,885	181,500	221,526
Special projects	500	1,000	662
Telephone	1,469	1,200	1,170
Travel	3,243	1,200	1,400
	<u>727,713</u>	<u>1,020,710</u>	<u>622,622</u>
Excess of revenues over expenses (expenses over revenues)	45,643	(179,000)	(17,668)
Fund balance, beginning of year	174,318	174,318	191,986
Fund balance, end of year	\$ 219,961	\$ (4,682)	\$ 174,318

*See accompanying notes*

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended 31 March

	2009	2008
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses (expenses over revenues)	\$ 45,643	\$ (17,668)
Changes in non-cash working capital		
Accounts receivable	176,309	76,446
Investment income receivable	1,486	(8,154)
Prepaid expenses	(8,157)	11
Accounts payable and accrued liabilities	7,163	19,431
	222,444	70,066
Increase in deferred revenue (Note 5)	154,705	245,494
Increase in accrued severance pay	16,552	4,767
	393,701	320,327
<b>Cash flows from investing activities</b>		
Purchase of capital assets from capital contributions	(17,109)	(30,533)
<b>Cash flows from financing activities</b>		
Contribution from Government of Canada to purchase capital assets (Note 7)	17,109	30,533
	17,109	30,533
<b>Net increase in cash and cash equivalents</b>	<b>393,701</b>	<b>320,327</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>642,167</b>	<b>321,840</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,035,868</b>	<b>\$ 642,167</b>
<b>Cash and cash equivalents include:</b>		
Cash	\$ 23,728	\$ 34,211
Investments	1,012,140	607,956
	\$ 1,035,868	\$ 642,167

*See accompanying notes*

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

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**Authority**

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

- (a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;
- (b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and
- (c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

**1. Significant accounting policies**

These financial statements have been prepared by the Foundation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets consist of systems development and office and computer equipment which were capitalized at cost at the time of acquisition and now have a net book value of \$0. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount over a period of five years from the date of acquisition.

Minor capital asset purchases are charged to operations in the year of acquisition.

(b) Investments

Investments are recorded at cost, which because of their short-term nature approximates market value.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. Accordingly no provision has been made for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Foundation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

(d) Investment income

Investment income is recorded as earned.

# HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

## NOTES TO FINANCIAL STATEMENTS

31 March 2009

### 2. Investments

	2009		2008
	Cost	Market Value	Cost
Short-term investments	\$ 1,012,140	\$ 1,012,140	\$ 607,956

Investments consist of guaranteed investment certificates, with maturity dates ranging from 3 October 2009 to 16 March 2010 and interest rates ranging from 0.9% to 3.15%

### 3. Accounts receivable

	2009	2008
Province of Newfoundland and Labrador	\$ -	\$ 163,815
Harmonized sales tax	21,915	34,409
	\$ 21,915	\$ 198,224

### 4. Capital assets

	Cost 31 March 2008	Additions 2009	Cost 31 March 2009	Capital Contributions 31 March 2009	Net Book Value 31 March 2009	Net Book Value 31 March 2008
Systems development	\$ 254,871	\$ 10,820	\$ 265,691	\$ 265,691	\$ -	\$ -
Office and computer equipment	57,676	6,289	63,965	63,965	-	-
	\$ 312,547	\$ 17,109	\$ 329,656	\$ 329,656	\$ -	\$ -

### 5. Deferred revenue

Deferred revenue as at 31 March 2009 consists of contributions received from the Province of Newfoundland and Labrador and the Government of Canada to be used for the payment of heritage grants and other heritage initiatives as directed by the Province.

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

**5. Deferred revenue (cont.)**

	2009	2008
<u>Balance, beginning of year</u>	<u>\$ 595,471</u>	<u>\$ 349,977</u>
Contribution from Province of Newfoundland and Labrador:		
Operating expenses and payment of heritage grants	457,000	400,000
Fisheries Heritage Preservation Initiative	75,000	75,000
Intangible Cultural Heritage Strategy	75,000	50,000
Downtown Revitalization Initiative	-	46,880
Contribution from Government of Canada:		
Historic Places Initiative	291,191	248,837
	<u>898,191</u>	<u>820,717</u>
Less: Contributions recognized in income during year:		
Province of Newfoundland and Labrador:		
Operating expenses and payment of heritage grants	(334,346)	(255,439)
Fisheries Heritage Preservation Initiative	(57,870)	(72,210)
Intangible Cultural Heritage Strategy	(101,537)	(991)
	<u>(493,753)</u>	<u>(328,640)</u>
Government of Canada:		
Historic Places Initiative	(249,733)	(246,583)
	<u>(743,486)</u>	<u>(575,223)</u>
<u>Increase during the year</u>	<u>154,705</u>	<u>245,494</u>
<u>Balance, end of year</u>	<u>\$ 750,176</u>	<u>\$ 595,471</u>

**6. Fund balance**

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation.



**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

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**7. Government of Canada**

On 4 April 2003, the Province entered into a Contribution Agreement with the Government of Canada to fund the Historic Places Initiative. The objectives of the Contribution Agreement are to develop an online Provincial Registry of Historic Places and to develop and implement programs related to promoting and integrating the Historic Places Initiative at the Provincial level in Newfoundland and Labrador.

The Province has appointed the Foundation to administer this Initiative on its behalf. During the year the Foundation recognized revenue relating to this Initiative in the amount of \$249,733 (2008 - \$246,583). In addition, the Foundation received capital contributions in the amount of \$17,109 (2008 - \$30,533) relating to this Initiative. This amount was applied towards the acquisition costs of systems development and office and computer equipment.

**8. Intangible Cultural Heritage Strategy**

In 2008, the Province appointed the Foundation to lead and implement the Province's Intangible Cultural Heritage Strategy. The mission of the Strategy is to safeguard and sustain the Intangible Cultural Heritage of Newfoundland and Labrador for present and future generations everywhere, as a vital part of the identities of Newfoundlanders and Labradorians, and as a valuable collection of unique knowledge and customs. During the year the Foundation received a contribution of \$75,000 (2008 - \$50,000) from the Province in support of this Strategy and recognized \$101,537 (2008 - \$991) in income in accordance with expenses incurred related to the Strategy.

**9. Grant commitments**

As at 31 March 2009, the Foundation had committed \$235,661 (2008 - \$256,224) in the form of heritage grants approved but not yet disbursed or rescinded. Future disbursements related to these heritage grants will be recorded as reductions to deferred revenue. The Foundation adopted a policy with respect to heritage grant commitments requiring that all grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the heritage grants within this timeframe will forfeit their right to these heritage grants, unless an extension is granted.

As at 31 March 2009, the Foundation had also committed \$28,750 (2008 - \$17,536) in the form of Fisheries Heritage Preservation Initiative grants approved but not yet disbursed or rescinded. Future disbursements related to these Fisheries Heritage Preservation Initiative grants will be recorded as reductions to deferred revenue. The Foundation's policy with respect to Fisheries Heritage Preservation Initiative grant commitments requires that all grants approved will be available for a period of one year from the date of grant approval. Clients not utilizing the Fisheries Heritage Preservation Initiative grants within this timeframe will forfeit their right to these grants, unless an extension is granted.

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**31 March 2009**

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**10. Operating lease obligation**

Office equipment has been leased by the Foundation. Minimum lease payments for the next two years are as follows:

2010	\$ 4,197
2011	\$ 2,099

**11. Related party transactions**

The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.

**12. Financial instruments**

The Foundation's financial instruments recognized on the balance sheet consist of cash, investments, accounts receivable, investment income receivable and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Accounts receivable is due from the Government of Canada and therefore there is no credit risk associated with this amount.

**13. Economic dependence**

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Foundation's ability to continue operations is dependent upon the decisions of Government.

**14. Income taxes**

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

**Deloitte.**

*Financial Statements*

**JANEWAY CHILDREN'S  
HOSPITAL FOUNDATION**

*March 31, 2009*

## Auditors' Report

To the Directors of  
Janeway Children's Hospital Foundation

We have audited the statement of financial position of the Janeway Children's Hospital Foundation as at March 31, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended March 31, 2008 were audited by another firm of chartered accountants who issued their report dated June 6, 2008.

*Deloitte & Touche LLP*

Chartered Accountants  
July 22, 2009

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Statement of Operations

Year ended March 31, 2009

	General Fund	In-Memoriam Fund	Endowment Fund	2009	2008
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Miracle Network Telethon projects and donations	2,176,495	-	-	2,176,495	2,173,473
Bequests and in-memoriam donations	2,285	28,613	89,655	120,553	164,087
Golf	110,996	-	-	110,996	130,247
Christmas Appeal donations	108,532	-	-	108,532	119,395
Radiothon	68,959	-	-	68,959	48,099
Donations restricted	55,000	-	-	55,000	60,963
Interest and other investment income	103,776	-	(66,156)	37,620	190,297
Jeans Day	25,818	-	-	25,818	24,577
Atlantic Fundraising Association	4,700	-	-	4,700	10,800
Other funding	5,934	-	-	5,934	17,715
	<b>2,662,495</b>	<b>28,613</b>	<b>23,499</b>	<b>2,714,607</b>	<b>2,939,653</b>
<b>Expenditure</b>					
Miracle Network Telethon (Schedule 1)	550,600	-	-	550,600	473,740
Salaries and benefits	144,791	-	-	144,791	138,534
Professional fees	55,586	-	-	55,586	4,811
Christmas Appeal (Schedule 2)	41,895	-	-	41,895	58,999
Planned giving	20,254	15,656	-	35,910	48,941
Golf	35,532	-	-	35,532	42,947
Radiothon	19,409	-	-	19,409	20,427
General administration	15,694	-	22	15,716	16,110
Maintenance contract	11,350	-	-	11,350	11,096
Travel and conferences	9,123	-	-	9,123	4,321
Jeans Day	7,232	-	-	7,232	8,402
Public relations and advertising	4,698	-	-	4,698	4,639
Amortization	1,049	-	-	1,049	6,630
	<b>917,213</b>	<b>15,656</b>	<b>22</b>	<b>932,891</b>	<b>839,597</b>
<b>Excess of revenue over expenditure before undernoted items</b>	<b>1,745,282</b>	<b>12,957</b>	<b>23,477</b>	<b>1,781,716</b>	<b>2,100,056</b>
<b>Donations (Note 6)</b>					
Eastern Regional Health Authority	1,275,864	-	-	1,275,864	1,535,705
Other	153,046	-	-	153,046	187,372
	<b>1,428,910</b>	<b>-</b>	<b>-</b>	<b>1,428,910</b>	<b>1,723,077</b>
<b>Excess of revenue over expenditure</b>	<b>316,372</b>	<b>12,957</b>	<b>23,477</b>	<b>352,806</b>	<b>376,979</b>

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION****Statement of Changes in Net Assets**

Year ended March 31, 2009

	General Fund	In-Memoriam Fund	Endowment Fund	2009	2008
	\$	\$	\$	\$	\$
Net assets, beginning of year	2,205,319	101,270	951,318	3,257,907	2,880,928
Excess of revenue over expenditure	316,372	12,957	23,477	352,806	376,979
Net assets, end of year	2,521,691	114,227	974,795	3,610,713	3,257,907

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

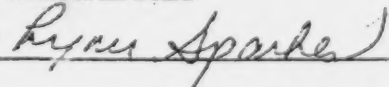
## Statement of Financial Position

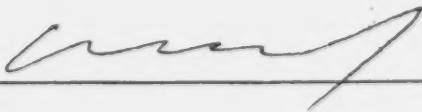
March 31, 2009

	General Fund \$	In-Memoriam Fund \$	Endowment Fund \$	2009 \$	2008 \$
<b>Assets</b>					
Current assets					
Cash and cash equivalents	25,966	114,227	41,462	181,655	260,858
Receivables	7,734	-	12,968	20,702	17,751
Prepaid expenses	152,637	-	-	152,637	83,584
	186,337	114,227	54,430	354,994	362,193
Investments (Note 4)	2,935,180	-	920,365	3,855,545	3,493,679
Capital assets (Note 5)	-	-	-	-	1,049
	3,121,517	114,227	974,795	4,210,539	3,856,921
<b>Liabilities</b>					
Current liabilities					
Payables and accruals	32,479	-	-	32,479	47,154
Due to Eastern Regional Health Authority	511,654	-	-	511,654	491,009
Deferred contributions	32,047	-	-	32,047	32,047
	576,180	-	-	576,180	570,210
Accrued severance pay	23,646	-	-	23,646	28,804
	599,826	-	-	599,826	599,014
<b>Net assets</b>					
Net assets invested in capital assets	-	-	-	-	1,049
Unrestricted net assets	2,502,070	114,227	-	2,616,297	2,285,919
Restricted net assets	19,621	-	974,795	994,416	970,939
	2,521,691	114,227	974,795	3,610,713	3,257,907
	3,121,517	114,227	974,795	4,210,539	3,856,921

Commitments (Note 10)

Approved on behalf of the Board

 Director

 Director

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Statement of Cash Flows

Year ended March 31, 2009

	General Fund	In-Memoriam Fund	Endowment Fund	2009	2008
	\$	\$	\$	\$	\$
<b>Operating activities</b>					
Excess of revenue over expenditure	316,372	12,957	23,477	352,806	376,979
Amortization	1,049	-	-	1,049	6,630
(Decrease) increase in severance pay accrual	(5,158)	-	-	(5,158)	3,039
Changes in non-cash operating working capital (Note 7)	(59,829)	-	(6,205)	(66,034)	196,886
	252,434	12,957	17,272	282,663	583,534
<b>Investing activity</b>					
Increase (decrease) in investments	(370,269)	-	8,403	(361,866)	(775,969)
Net increase (decrease) in cash	(117,835)	12,957	25,675	(79,203)	(192,435)
Cash and cash equivalents, beginning of year	143,801	101,270	15,787	260,858	453,293
Cash and cash equivalents, end of year	25,966	114,227	41,462	181,655	260,858



# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Notes to the Financial Statements

March 31, 2009

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### 1. NATURE OF OPERATIONS

The Janeway Children's Hospital Foundation (the "Foundation") is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

### 2. CHANGE IN ACCOUNTING POLICIES

Effective April 1, 2008, the Foundation adopted the Canadian Institute of Chartered Accountants' ("CICA") new accounting standards related to "Capital Disclosures" (Section 1535) and "General Standards of Financial Statement Presentation" (Section 1400).

#### *Capital Disclosures*

CICA Section 1535 "Capital Disclosure" establishes standards for disclosure of information about the Foundation's capital and capital management, including the Foundation's objectives and processes of managing capital, quantitative data about what the Foundation regards as capital, whether the Foundation has complied with any externally imposed capital requirements, and if it has not complied, the consequences of such non-compliance. The adoption of this standard had no effect on the Foundation's financial position, operations or cash flows and these disclosures have been included in Note 11.

#### *General Standards of Financial Statement Presentation*

CICA Section 1400 "General Standards of Financial Statement Presentation" provides additional guidance related to management's assessment of the Foundation's ability to continue as a going concern. The Foundation's current disclosures meet the reporting requirements of this section.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of presentation*

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles

#### *Fund accounting*

The Foundation applies the restricted fund method of accounting for contributions.

The General Fund contains all of the operating assets, liabilities, revenue and expenditures of the Foundation related to the organization's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research.

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Notes to the Financial Statements

March 31, 2009

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Fund accounting (continued)*

The In-Memoriam Fund represents donations received from donors for a designated purpose. These donations are held in bank accounts until disbursed for specific projects.

The Endowment Fund represents donations received from donors specifically for the Little Red Wagon Endowment Fund along with any bequests and in-memoriam donations that have not been designated for a specific purpose. These donations will be disbursed based on recommendations from the Board.

#### *Revenue recognition*

Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received. Contributions received for expenditures of a future period are deferred and recognized as revenue when the expenditure is incurred. All other revenues are recognized as earned and when collectability is reasonably assured.

In-kind contributions are recorded when fair value is determinable.

#### *Capital contributions*

Capital contributions are recorded as deferred contributions and amortized to income on the same basis and using the same rates as the amortization expense related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments with maturities of three months or less.

#### *Capital assets*

Capital assets are recorded at cost and amortized on a straight-line basis over five years.

#### *Vacation pay and other benefits*

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Notes to the Financial Statements

March 31, 2009

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Severance pay*

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

#### *Pension costs*

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

#### *Financial instruments*

The Foundation's financial assets and liabilities are generally classified and measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash and cash equivalents	Held for trading	Fair value
Receivables	Receivables	Amortized cost
Investments	Held for trading	Fair value
Payables and accruals, due to Eastern Regional Health Authority	Other liabilities	Amortized cost

The Foundation has determined that it does not have derivatives or embedded derivatives.

#### *Use of estimates*

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

#### *Future accounting standards*

In December 2006, CICA issued new Section 3862, "Financial Instruments - Disclosures" and Section 3863, "Financial Instruments - Presentation", which established standards for the presentation and disclosure of financial instruments and nonfinancial derivatives.

Following a decision by CICA that permits the application of Section 3861, "Financial Instruments - Disclosure and Presentation", in place of Section 3862 and 3863, the Foundation has decided to continue to apply Section 3861.

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Notes to the Financial Statements**  
**March 31, 2009**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Future accounting standards (continued)*

**Not-for-profit organizations**

In September 2008, the CICA amended the introduction to accounting standards that apply only to not-for-profit organizations as outlined in the Section 4400 series of CICA Handbook (the "Handbook") as well as consequently changes to other sections of the Handbook.

These new standards are effective for the Foundation on April 1, 2009. The Foundation's management does not expect the application of these standards will have a material impact on its financial statements.

**4. INVESTMENTS**

	2009	2008
	\$	\$
Guaranteed investment certificates, due November 27, 2009, bearing interest between 2.33% and 4.90%	1,340,216	-
Guaranteed investment certificate, due May 9, 2010, bearing interest at 4.0%	258,959	-
Guaranteed investment certificate, due November 27, 2010, bearing interest at 3.9%	506,678	-
Guaranteed investment certificate, due November 27, 2011, bearing interest at 4.32%	608,877	-
Shares	40,815	-
Guaranteed investment certificate, due November 27, 2008, bearing interest at 4.25%	-	2,364,789
Managed money portfolio	1,100,000	1,128,890
	<u>3,855,545</u>	<u>3,493,679</u>

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Notes to the Financial Statements**  
 March 31, 2009

**5. CAPITAL ASSETS**

	2009			2008	
	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	\$	\$	\$	\$	\$
Equipment	138,849	138,849	-	138,849	1,049

**6. DONATIONS**

	2009	2008
	\$	\$
Eastern Regional Health Authority		
Janeway Children's Health and Rehabilitation Centre	1,006,395	1,454,849
Janeway Research	269,469	80,856
	1,275,864	1,535,705
Other		
RBC Reach Out Program	50,000	50,000
Dr. H. Bliss Murphy Cancer Care Foundation	50,000	-
Other Hospital Funding	28,992	-
Bursaries/fellowships	15,000	5,606
Rainbow Riders program	7,500	7,500
Asthma program	700	3,335
Pastoral Care	500	500
Environmental Grant - receipt in kind	354	198
Maple Leaf Garden	-	233
Memorial University	-	100,000
Child and Youth Research	-	20,000
	153,046	187,372
	1,428,910	1,723,077

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Notes to the Financial Statements

March 31, 2009

### 7. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital

	2009	2008
	\$	\$
Receivables	(2,951)	(2,126)
Prepaid expenses	(69,053)	503
Payables and accruals	(14,675)	17,570
Due to other funds	20,645	198,435
Deferred contributions	-	(17,496)
	(66,034)	196,886

### 8. INCOME TAX STATUS

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

### 9. RELATED PARTY TRANSACTIONS

The Foundation operates for the purpose of accumulating funds to assist the Janeway Children's Health and Rehabilitation Centre (Eastern Regional Health Authority) with the purchase of medical equipment used in the provision of patient care for children. Transactions between these related parties are measured at their exchange value.

### 10. COMMITMENTS

During the year, the Foundation committed to disburse \$1,175,000 (2008 - \$1,400,000) to the Eastern Regional Health Authority to benefit the Janeway Children's Health and Rehabilitation Centre, depending on the financial results of the Foundation for the year. During the year, \$1,345,621 (2008 - \$1,585,705) of current and previously committed funds were disbursed. The outstanding commitments from the current and prior years of approximately \$1,789,363 relating to capital equipment and research will be disbursed in future fiscal years of the Foundation.

### 11. CAPITAL MANAGEMENT

The capital structure of the Foundation consists of net assets. The Foundation's objective when managing capital is to ensure it maintains adequate capital to support its continued operations.

The Foundation is not subject to externally imposed capital requirements.

# JANEWAY CHILDREN'S HOSPITAL FOUNDATION

## Notes to the Financial Statements

March 31, 2009

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### 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### *Financial risk factors*

The Foundation has exposure to credit risk and liquidity risk. The Foundation's Board of Directors has overall responsibility for the oversight of these risks and reviews the Foundation's policies on an ongoing basis to ensure that these risks are appropriately managed. The source of risk exposure and how each is managed is outlined below.

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Foundation's credit risk is primarily attributable to receivables. Management believes that the credit risk with respect to receivable is not significant.

#### *Liquidity risk*

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. As at March 31, 2009 the Foundation had cash of \$181,655.

To the extent that the Foundation does not believe that it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third party financing or the Provincial Government, assuming these can be obtained.

#### *Fair value*

The fair value of the Foundation's financial instruments approximate the carrying value due to the short-term maturity and normal credit terms of those instruments.

**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Schedule 1 - Miracle Network Telethon Expenses**

Year ended March 31, 2009

	2009	2008
	\$	\$
Advertising	8,601	12,504
Affiliation fees	36,366	22,027
Broadcasting costs	135,555	129,944
General administration	43,516	17,136
Merchandise	33,794	62,409
Office and miscellaneous	2,010	1,583
Postage	17,194	15,967
Printing	13,061	15,767
Professional fees	27,110	5,069
Salary and benefits	217,281	175,421
Telephone	2,098	7,575
Travel	14,014	8,338
	<u>550,600</u>	<u>473,740</u>



**JANEWAY CHILDREN'S HOSPITAL FOUNDATION**  
**Schedule 2 - Christmas Appeal Expenses**

Year ended March 31, 2009

	2009	2008
	\$	\$
Contractual services	8,197	9,290
Office and miscellaneous	1,880	3,341
Postage	12,512	13,868
Printing	9,721	7,141
Promotional costs	1,386	882
Salaries and benefits	8,199	24,477
	41,895	58,999



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LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

AUDITORS' REPORT  
AND  
CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

### AUDITORS' REPORT

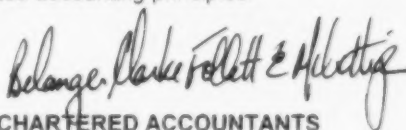
To the Trustees of **Labrador – Grenfell Regional Health Authority**

We have audited the consolidated balance sheet of **Labrador – Grenfell Regional Health Authority** as at March 31, 2009 and the consolidated statements of changes in net assets, operations and cash flow for the year then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In common with many charitable organizations, the Grenfell Foundation Incorporated derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, operations, assets and net assets.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2009 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

  
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador  
July 7, 2009

**LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT MARCH 31, 2009**

	<u>2009</u>	<u>2008</u>
	\$	\$
<b><u>ASSETS</u></b>		
Current		
Cash	419,809	299,735
Restricted cash (Note 3)	1,554,744	1,608,650
Receivables (Note 4)	12,115,472	14,356,977
Inventories (Note 2)	1,532,711	1,745,945
Prepaid expenses	2,347,477	1,746,129
	<u>17,970,213</u>	<u>19,757,436</u>
Residents' Trust Funds held on deposit	<u>165,903</u>	<u>147,286</u>
Replacement reserve (Note 2 and 7)	<u>78,992</u>	<u>71,495</u>
Capital assets (Notes 2 and 5)	<u>23,133,284</u>	<u>22,484,133</u>
	<u>41,348,392</u>	<u>42,460,350</u>
<b><u>LIABILITIES</u></b>		
Current		
Bank indebtedness (Note 6)	5,050,379	21,054,799
Payables and accruals	12,131,111	8,569,161
Accrued vacation pay	5,730,926	5,253,347
Other accrual benefits	2,261,680	2,001,024
Deferred contributions		
Operating	3,095,383	2,825,065
National Child Benefit (NCB) initiatives	2,388,454	2,136,947
Capital	13,152,701	3,645,793
Special purpose funds	564,428	618,334
Current portion of accrued severance pay (estimated)	928,115	897,820
Current portion of long-term debt (Note 8)	103,731	94,271
	<u>45,406,908</u>	<u>47,096,561</u>
Residents' Trust Funds payable	<u>165,903</u>	<u>147,286</u>
Accrued severance pay, less estimated current portion	<u>8,353,038</u>	<u>8,366,837</u>
Replacement reserve (Note 2 and 7)	<u>78,992</u>	<u>71,495</u>
Long-term debt (Note 8)	<u>2,486,345</u>	<u>2,596,080</u>
Deferred contributions related to capital assets (Note 9)	<u>19,552,457</u>	<u>18,721,796</u>
	<u>76,043,643</u>	<u>77,000,055</u>
<b><u>NET ASSETS, PER ACCOMPANYING STATEMENT</u></b>		
Net assets invested in capital assets	1,094,152	1,088,332
Net assets restricted for endowment purposes	994,317	994,317
Unrestricted net assets	(36,783,720)	(36,622,354)
	<u>(34,695,251)</u>	<u>(34,539,705)</u>
	<u>41,348,392</u>	<u>42,460,350</u>

Signed on behalf of the Board:

Trustee

Trustee

**LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
YEAR ENDED MARCH 31, 2009

	2009			Total	Total
	Invested in	Endowment	Unrestricted	2009	2008
	Capital Assets	Purposes	Operating		
	\$	\$	\$	\$	\$
Balance, beginning	1,088,332	994,317	(36,622,354)	(34,539,705)	(32,135,720)
Excess (deficiency) of revenues over expenditures	(94,455)	-	(61,091)	(155,546)	(2,403,985)
Investment in capital assets (Note 10)	100,275	-	(100,275)	-	-
Balance, ending	<u>1,094,152</u>	<u>994,317</u>	<u>(36,783,720)</u>	<u>(34,695,251)</u>	<u>(34,539,705)</u>

**LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
YEAR ENDED MARCH 31, 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
Revenues		
Provincial plan	112,139,819	99,299,216
National Child Benefit	2,955,109	2,743,041
Transportation and Works	2,867,600	2,867,600
MCP physicians	13,047,348	12,122,467
Child Youth and Family Services Agreement	8,047,696	9,818,797
Inpatient	1,987,311	2,314,737
Outpatient	1,004,442	724,805
Long-term care	1,331,487	1,366,840
Other (Note 11)	7,415,179	7,307,660
	<u>150,795,991</u>	<u>138,565,163</u>
Expenditures		
Administration	16,690,949	14,668,643
Support services	28,759,520	24,944,023
Nursing inpatient services	21,102,075	19,789,365
Ambulatory care services	15,723,202	14,271,303
Diagnostic and therapeutic services	12,915,824	11,917,682
Community and social services	39,059,169	38,439,133
Medical services	14,784,928	13,581,702
Research	76,448	67,124
Education	594,578	676,603
Undistributed	731,262	1,318,841
	<u>150,437,955</u>	<u>139,674,419</u>
Surplus (deficit) before other operations	<u>358,036</u>	<u>(1,109,256)</u>
12 Unit Cottage Project (net)	(3,315)	-
20 Unit Cottage Project (net)	(18,054)	(28,987)
Grenfell Foundation Inc. (net)	96,045	(18,105)
	<u>74,676</u>	<u>(47,092)</u>
Surplus (deficit) before non-shareable items	<u>432,712</u>	<u>(1,156,348)</u>
Non-shareable items		
Amortization	3,335,400	3,299,497
Increase in accrued vacation pay	480,099	473,790
Increase in accrued severance pay	13,976	640,570
Amortization of deferred contributions	(3,241,217)	(3,166,220)
	<u>588,258</u>	<u>1,247,637</u>
Deficiency of revenues over expenditures	<u>(155,546)</u>	<u>(2,403,985)</u>

LABRADOR GRENFELL REGIONAL HEALTH AUTHORITY  
CONSOLIDATED STATEMENT OF CASH FLOW  
YEAR ENDED MARCH 31, 2009

	<u>2009</u> \$	<u>2008</u> \$
Cash Flows		
Operations:		
Excess (deficiency) of revenues over expenditures	(155,546)	(2,403,984)
Amortization	3,335,400	3,378,620
Loss on disposal of assets	-	14,045
Amortization of deferred contributions	(3,241,217)	(3,166,220)
Unamortized contributions on assets disposed	-	(45,986)
	<u>(61,363)</u>	<u>(2,223,525)</u>
Changes in:		
Receivables	2,749,398	(2,044,300)
Inventories	(213,234)	(23,479)
Prepaid expenses	(601,348)	(270,277)
Payables and accruals	3,828,412	597,336
Accrued vacation pay	480,099	473,790
Deferred contributions relating to operating and NCB program	521,825	1,025,502
Accrued severance pay	13,976	540,570
	<u>6,717,765</u>	<u>(1,924,383)</u>
Investing Activities		
Proceeds from the sale of capital assets	5,124	31,940
Additions to capital assets	(4,072,996)	(4,934,431)
	<u>(4,067,872)</u>	<u>(4,902,491)</u>
Financing Activities		
Deferred contributions		
Capital	9,506,908	1,646,655
Special purpose funds	(53,906)	(638,187)
Repayment of long-term debt	(100,275)	(94,583)
Deferred contributions related to capital assets	4,067,878	4,942,693
Donations for endowment purposes	-	60
	<u>13,420,605</u>	<u>5,856,638</u>
Net change in cash and cash equivalents for year	16,070,498	(970,236)
Cash and cash equivalents, beginning of year	(19,146,324)	(18,176,088)
	<u>(3,075,826)</u>	<u>(19,146,324)</u>
Cash and cash equivalents consists of:		
	<u>2009</u> \$	<u>2008</u> \$
Cash and short-term investments	419,809	299,735
Restricted cash	1,554,744	1,608,650
Bank indebtedness (Note 5)	(5,050,379)	(21,054,709)
	<u>(3,075,826)</u>	<u>(19,146,324)</u>



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**LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2009**

**1. NATURE OF OPERATIONS**

The Authority manages and operates all health facilities, services and programs in Northern Newfoundland and all of Labrador.

The Authority manages and controls the operations of the following facilities:

Labrador Health Centre, Happy Valley-Goose Bay  
Harry L. Paddon Memorial Home, Happy Valley - Goose Bay  
Captain William Jackman Memorial Hospital, Labrador City  
Charles S. Curtis Memorial Hospital, St. Anthony  
John M. Gray Centre, St. Anthony  
St. Anthony Interfaith Home Apartment Complexes, St. Anthony

and all medical clinics, nursing stations, community health centres, facilities programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Authority is incorporated under the Hospitals Act of Newfoundland and Labrador.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Fund Accounting

The combined funds are reported in the consolidated financial statements.

Assets, liabilities, revenues and expenditures related to the delivery and administration of health services are reported in the operating financial statements.

Assets, liabilities, revenues and expenditures related to other operations are reported in the financial statements of the 12 Unit Cottage Project, 20 Unit Cottage Project and the Grenfell Foundation Inc.

Revenue Recognition

The Authority follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates by which the related capital assets are amortized.

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**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Inventories

Inventories consist of medical, surgical, general supplies, fuel oil, aircraft parts and pharmaceuticals

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis and net realizable value.

Fuel oil, aircraft parts and drugs are valued at the lower of cost, determined on a first-in, first-out basis and net realizable value.

Capital Assets

The Authority has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are being amortized on a declining balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	0%

In addition, the Harry L. Paddon Memorial Home and capital assets are amortized at a rate equal to the annual principal reduction of the mortgage related to these properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Replacement Reserve

Newfoundland and Labrador Housing Corporation (NLHC) requires that not-for-profit housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of capital assets. These funds may be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

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**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Severance Pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employees who has less than nine years of continual service.

Pension and Other Post Employment Benefits

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**3. RESTRICTED CASH**

	<u>2009</u>	<u>2008</u>
	\$	\$
Cash is currently restricted to fund the following items:		
Deferred contributions - special purpose funds	560,427	614,333
Endowment Fund	<u>994,317</u>	<u>994,317</u>
	<u>1,554,744</u>	<u>1,608,650</u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**4. RECEIVABLES**

	<u>2009</u>	<u>2008</u>
	\$	\$
Government of Newfoundland and Labrador	7,313,270	6,946,239
Government of Canada	1,148,785	3,456,970
Patient	2,115,198	2,784,934
Other	1,538,219	1,168,834
	<u>12,115,472</u>	<u>14,356,977</u>

**5. CAPITAL ASSETS**

	<u>2009</u>	<u>2008</u>
	\$	\$
<u>Cost</u>		
Land	11,203	11,203
Land improvements	187,061	187,061
Buildings	25,167,721	24,051,147
Leasehold improvements	223,678	223,678
Equipment and vehicles	48,220,643	45,399,276
Artwork	195,714	195,714
	<u>74,006,020</u>	<u>70,068,079</u>
<u>Accumulated Amortization</u>		
Land	-	-
Land improvements	153,237	150,995
Buildings	13,947,628	13,429,986
Leasehold improvements	73,473	82,211
Equipment and vehicles	36,698,398	33,920,754
Artwork	-	-
	<u>50,872,736</u>	<u>47,583,946</u>
<u>Net Book Value</u>		
Land	11,203	11,203
Land improvements	33,824	36,066
Buildings	11,220,093	10,651,161
Leasehold improvements	150,205	141,467
Equipment and vehicles	11,522,245	11,448,522
Artwork	195,714	195,714
	<u>23,133,284</u>	<u>22,484,133</u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**6. BANK INDEBTEDNESS**

The Authority has access to a \$24.0 million line of credit in the form of a revolving demand loan bearing interest at prime with the Royal Bank of Canada. The line of credit has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for \$9 million up to \$19 million with the first \$10 million being unsecured.

**7. REPLACEMENT RESERVE**

	<u>2009</u> \$	<u>2008</u> \$
Balance, beginning	71,495	67,300
Add:		
Allocation for year	10,350	10,350
Interest earned	127	219
	<u>81,972</u>	<u>77,869</u>
Less:		
Approved expenditures	<u>2,980</u>	<u>6,374</u>
Balance, ending	<u>78,992</u>	<u>71,495</u>
Funding		
Replacement reserve funds	11,692	4,195
Due from Newfoundland and Labrador Housing Corporation for replacement reserve	<u>67,300</u>	<u>67,300</u>
	<u>78,992</u>	<u>71,495</u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**8. LONG-TERM DEBT**

	<u>2009</u> \$	<u>2008</u> \$
Canada Mortgage Housing Corporation		
10%, first mortgage on land and building of Harry L. Paddon Memorial Home, repayable \$11,245 monthly, interest included, and maturing November 2029.	1,194,786	1,211,736
Newfoundland and Labrador Housing Corporation		
2.860% first mortgage on land and building of 20 unit apartment complex, repayable \$6,357 monthly, interest included, and maturing January 2019.	672,336	726,842
4.31% first mortgage on land and building of 12 unit apartment complex, repayable \$5,073 monthly, interest included, and maturing October 2025.	<u>722,954</u>	<u>751,773</u>
Long-term debt	2,590,076	2,690,351
Less: Current Portion	<u>103,731</u>	<u>94,271</u>
Total long-term debt, net of current portion	<u><u>2,486,345</u></u>	<u><u>2,596,080</u></u>

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	\$
2010	103,731
2011	108,331
2012	112,842
2013	118,081
2014	124,219

Interest Subsidy

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act. The purpose of the assistance is to reduce operating costs in order to enable the Authority to provide housing to low and moderate income individuals. The amount of assistance received in 2009 was \$72,684 (2008 - \$73,592)

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**9. UNAMORTIZED DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS**

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contributions for the year are as follows:

	<u>2009</u> \$	<u>2008</u> \$
Balance, beginning	18,721,796	16,991,309
Add:		
Equipment grants	3,410,366	4,109,894
Donations for equipment	661,512	832,799
	<u>22,793,674</u>	<u>21,934,002</u>
Less:		
Amortization	3,241,217	3,166,220
Unamortized contributions on assets disposed	-	45,986
	<u>19,552,457</u>	<u>18,721,796</u>

**10. INVESTMENT IN CAPITAL ASSETS**

	<u>2009</u> \$	<u>2008</u> \$
Repayment of long-term debt	<u>100,275</u>	<u>94,586</u>

**11. OTHER REVENUE**

	<u>2009</u> \$	<u>2008</u> \$
Drug recoveries	3,316,700	3,198,261
Dental	1,208,391	1,051,233
Rentals	813,532	783,296
Mortgage interest subsidy	25,205	25,205
Interest	47,532	68,930
Unamortized contribution on assets disposed	-	45,986
Miscellaneous	2,003,819	2,134,749
	<u>7,415,179</u>	<u>7,307,660</u>

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**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED MARCH 31, 2009

**12. COMMITMENTS**

Energy Performance Contract

The Authority entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was \$1,660,616 and is to be repaid from energy and operating savings at \$15,250 per month over a period of 8 years and 2 months plus lump sum amounts aggregating an additional \$166,116.

As of March 31, 2009 the balance of the expenditures financed through the Bank of Nova Scotia amount to \$106,748 (March 31, 2008 - \$282,235). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the authority for the energy savings component of the contract.

In the opinion of management of the Authority the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the authority under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Authority at March 31, 2009.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Authority's operating statements as a normal operating cost.

**13. CONTINGENCIES**

As of March 31, 2009, there were a number of legal claims against the Authority in carrying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

**14. COMPARATIVE FIGURES**

Certain of the comparative figures has been reclassified to conform to the current presentation.



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**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX**

**AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2009**

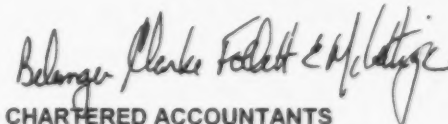
**AUDITORS' REPORT**

To the Trustee of **Labrador – Grenfell Regional Health Authority – St. Anthony Interfaith Home 12 Unit Apartment Complex**

We have audited the balance sheet of **Labrador – Grenfell Regional Health Authority – St. Anthony Interfaith Home 12 Unit Apartment Complex** as at March 31, 2009 and the statement of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the St. Anthony Interfaith Home 12 Unit Apartment Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the St. Anthony Interfaith Home 12 Unit Apartment complex as at March 31, 2009 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

  
CHARTERED ACCOUNTANTS

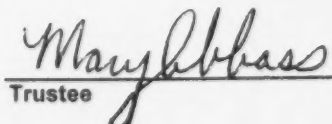
St. John's, Newfoundland and Labrador  
July 7, 2009

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX**  
**BALANCE SHEET**  
**AS AT MARCH 31, 2009**

	<u>2009</u> \$	<u>2008</u> \$
<b><u>ASSETS</u></b>		
Current		
Cash	18,513	21,002
Prepaid expenses	<u>3,240</u>	<u>3,240</u>
	<u>21,753</u>	<u>24,242</u>
Capital assets (Notes 2 and 3)	<u>738,953</u>	<u>767,773</u>
Due from Newfoundland and Labrador Housing Corporation (Note 4)	3,184	-
Due from Newfoundland and Labrador Housing Corporation for replacement reserve (Note 6)	<u>67,300</u>	<u>67,300</u>
	<u>831,190</u>	<u>859,315</u>
<b><u>LIABILITIES</u></b>		
Current		
Payables and accruals	44	2,885
Due to Labrador - Grenfell Regional Health Authority	24,892	21,225
Due to Newfoundland and Labrador Housing Corporation (Note 4)	-	131
Current portion of long-term debt (Note 5)	<u>32,000</u>	<u>25,200</u>
	<u>56,936</u>	<u>49,441</u>
Long-term debt, net of current portion (Note 5)	<u>690,954</u>	<u>726,574</u>
Replacement reserve fund (Note 6)	<u>67,300</u>	<u>67,300</u>
	<u>815,190</u>	<u>843,315</u>
<b><u>NET ASSETS, PER ACCOMPANYING STATEMENT</u></b>		
Unrestricted net assets	<u>16,000</u>	<u>16,000</u>
	<u>831,190</u>	<u>859,315</u>

Signed on behalf of the Board:

  
 \_\_\_\_\_  
 Trustee

  
 \_\_\_\_\_  
 Trustee

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2009**

	2009		Total	Total
	Invested in	Unrestricted	2009	2008
	Capital Assets			
	\$	\$	\$	\$
Balance, beginning	-	16,000	16,000	16,000
Excess (deficiency) of revenues over expenditures	(28,820)	28,820	-	-
Repayment of long-term debt	<u>28,820</u>	<u>(28,820)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>-</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2009**

	<u>Budget</u>	<u>2009 Actual \$</u>	<u>2008 Actual \$</u>
Revenues			
Rental	59,424	51,645	59,424
NLHC subsidy	48,245	52,191	48,245
Hydro recoveries	3,180	3,160	3,180
Laundry recoveries	1,440	1,430	1,440
HST recoveries	2,400	790	-
Interest	-	647	1,155
	<u>114,689</u>	<u>109,863</u>	<u>113,444</u>
Expenditures			
Amortization	28,820	28,820	28,027
Heat and light	26,858	25,818	28,302
Insurance	1,776	2,046	2,046
Interest and bank charges	-	111	159
Interest on long-term debt	32,056	32,056	32,849
Management fees	5,340	5,000	5,000
Miscellaneous	-	-	995
Professional fees	2,800	2,500	2,500
Repairs, maintenance and janitorial expense (Note 7)	10,800	8,555	8,639
Snow clearing	810	637	607
Water and sewer	4,320	4,320	4,320
	<u>113,580</u>	<u>109,863</u>	<u>113,444</u>
Excess (deficiency) of revenues over expenditures	<u>1,109</u>	<u>-</u>	<u>-</u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX**  
**STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31, 2009**

	<u>2009</u>	<u>2008</u>
	\$	\$
Cash Flows		
Operations:		
Excess (deficiency) of revenues over expenditures	(3,315)	-
Amortization	<u>28,820</u>	<u>28,027</u>
	25,505	28,027
Changes in:		
Receivables	-	2,789
Payables and accruals	2,841	(1,634)
Due to Labrador - Grenfell Regional Health Authority	(3,667)	(4,402)
Due to Newfoundland and Labrador Housing Corporation	<u>-</u>	<u>(2,088)</u>
	<u>24,679</u>	<u>22,692</u>
Financing Activities		
Principal repayments	<u>(27,168)</u>	<u>(28,027)</u>
Net change in cash and cash equivalents for year	(2,489)	(5,335)
Cash and cash equivalents, beginning of year	<u>21,002</u>	<u>26,337</u>
Cash and cash equivalents, end of year	<u><u>18,513</u></u>	<u><u>21,002</u></u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2009**

**1. NATURE OF OPERATIONS**

The St. Anthony Interfaith Home 12 Unit Apartment Complex is sponsored by the Labrador Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the St. Anthony Interfaith Home 20 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

Capital Assets

Amortization is provided on land improvements and buildings at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

Replacement Reserve

NLHC maintains a consolidated Replacement Reserve Fund to maintain and account for replacement reserve funds for not-for-profit housing groups. NLHC provides the organization with an annual statement as of March 31, 2009 indicating its reserve balance.

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 6.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**3. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
Land	1	-	1	1
Land improvements	20,000	-	20,000	20,000
Buildings	955,047	249,657	705,390	733,871
Equipment	17,754	4,192	13,562	13,901
	<u>992,802</u>	<u>253,849</u>	<u>738,953</u>	<u>767,773</u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2009**

**4. DUE FROM (TO) NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION**

	<u>2009</u>
	\$
Due from (to) NLHC, beginning of the Year	(131)
Net Subsidy for the Year	52,191
Payments Received during the Year	(48,876)
Repayments Issued during the Year	<u>-</u>
Due from (to) NLHC, end of year	<u>3,184</u>

Details on comparative figures for this receivable were not available at the time of the audit.

**5. LONG-TERM DEBT**

4.31% Newfoundland and Labrador Housing Corporation first mortgage on land and building; repayable in equal monthly installments of \$5,073, interest included, maturing October 2025.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	\$
2010	32,000
2011	32,500
2012	33,000
2013	34,000
2014	36,000

Interest Subsidy

The Authority has received federal assistance through Central Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing in 2009 was \$48,876 (2008-\$48,245).



LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2009

6. REPLACEMENT RESERVE

	<u>2009</u> \$	<u>2008</u> \$
Balance, beginning	67,300	67,300
Less: Approved expenditures	<u>-</u>	<u>-</u>
Balance, ending	<u><u>67,300</u></u>	<u><u>67,300</u></u>

7. REPAIRS AND MAINTENANCE

	<u>2009</u> \$	<u>2008</u> \$
Maintenance supplies	1,010	4,893
Salary	<u>7,545</u>	<u>3,746</u>
	<u><u>8,555</u></u>	<u><u>8,639</u></u>



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**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX**

**AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**YEAR ENDED MARCH 31, 2009**

**AUDITORS' REPORT**

To the Trustee of **Labrador – Grenfell Regional Health Authority – St. Anthony Interfaith Home 20 Unit Apartment Complex**

We have audited the balance sheet of **Labrador – Grenfell Regional Health Authority – St. Anthony Interfaith Home 20 Unit Apartment Complex** as at March 31, 2009 and the statement of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the St. Anthony Interfaith Home 20 Unit Apartment Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the St. Anthony Interfaith Home 20 Unit Apartment complex as at March 31, 2009 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

*Belanger Clarke Follett & McGettigan*  
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador  
July 7, 2009

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX**  
**BALANCE SHEET**  
AS AT MARCH 31, 2009


	<u>2009</u> \$	<u>2008</u> \$
<b><u>ASSETS</u></b>		
Current		
Cash	33,110	20,439
Receivables	-	951
Prepaid expenses	5,400	5,400
	<u>38,510</u>	<u>26,790</u>
Replacement reserve cash (Note 4)	<u>11,692</u>	<u>4,195</u>
Capital assets (Notes 2 and 3)	<u>676,059</u>	<u>730,565</u>
	<u><u>726,261</u></u>	<u><u>761,550</u></u>

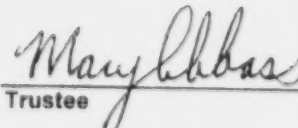
<b><u>LIABILITIES</u></b>		
Current		
Payables and accruals	787	2,734
Due to Labrador - Grenfell Regional Health Authority	233,620	201,889
Current portion of long-term debt (Note 5)	53,325	52,122
	<u>287,732</u>	<u>256,745</u>
Long-term debt, net of current portion (Note 5)	<u>619,011</u>	<u>674,730</u>
Replacement reserve fund (Note 4)	<u>11,692</u>	<u>4,195</u>
	<u>918,435</u>	<u>935,670</u>

**NET ASSETS, PER ACCOMPANYING STATEMENT**

Unrestricted net assets	<u>(192,174)</u>	<u>(174,120)</u>
	<u><u>726,261</u></u>	<u><u>761,550</u></u>

Signed on behalf of the Board:

  
Trustee

  
Trustee

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2009**

	2009		Total	Total
	Invested in	Unrestricted	2009	2008
	Capital Assets			
	\$	\$	\$	\$
Balance, beginning	-	(174,120)	(174,120)	(145,134)
Excess (deficiency) of revenues over expenditures	(54,506)	36,452	(18,054)	(28,986)
Repayment of long-term debt	<u>54,506</u>	<u>(54,506)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>-</u>	<u>(192,174)</u>	<u>(192,174)</u>	<u>(174,120)</u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2009**

	<u>2009</u>	<u>2008</u>
	\$	\$
Revenues		
Rental	112,400	108,976
CMHC subsidy	23,808	25,348
Hydro recoveries	14,796	14,061
Cable television recoveries	4,616	4,843
Interest	802	634
	<u>156,422</u>	<u>153,862</u>
Expenditures		
Allocation to replacement reserve	7,369	10,350
Amortization	54,506	51,096
Cable television	-	4,287
Heat and light	50,902	48,989
Insurance	2,500	2,500
Interest and bank charges	172	198
Interest on long-term debt	28,764	33,317
Management fees	5,000	5,000
Professional fees	2,497	2,725
Property taxes	7,200	7,200
Repairs and maintenance (Note 6)	15,566	17,186
	<u>174,476</u>	<u>182,848</u>
Deficiency of revenues over expenditures	<u>(18,054)</u>	<u>(28,986)</u>

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX**  
**STATEMENT OF CASH FLOW**  
**YEAR ENDED MARCH 31, 2009**

	<u>2009</u> \$	<u>2008</u> \$
Cash Flows		
Operations:		
Deficiency of revenues over expenditures	(18,054)	(28,986)
Amortization	<u>54,506</u>	<u>51,096</u>
	36,452	22,110
Changes in:		
Receivables	951	900
Payables and accruals	(1,947)	(3,161)
Due to Labrador - Grenfell Regional Health Authority	31,721	32,755
Replacement reserve	<u>7,497</u>	<u>4,195</u>
	<u>74,674</u>	<u>56,799</u>
Financing Activities		
Principal repayments	<u>(54,506)</u>	<u>(51,097)</u>
Net change in cash and cash equivalents for year	20,168	5,702
Cash and cash equivalents, beginning of year	<u>24,634</u>	<u>18,932</u>
Cash and cash equivalents, end of year	<u><u>44,802</u></u>	<u><u>24,634</u></u>
Cash and cash equivalents consists of:		
	<u>2009</u> \$	<u>2008</u> \$
Cash	33,110	20,439
Replacement reserve cash	<u>11,692</u>	<u>4,195</u>
	<u><u>44,802</u></u>	<u><u>24,634</u></u>



**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2009**

**1. NATURE OF OPERATIONS**

The St. Anthony Interfaith Home 20 Unit Apartment Complex is sponsored by the Labrador Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the St. Anthony Interfaith Home 20 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

Capital Assets

Amortization is provided on land improvements and buildings at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

Replacement Reserve

In accordance with the operating agreements with NLHC the Authority is required to fund a replacement reserve annually in the amount of \$10,350. This allocation of funds is expensed annually and transferred to a separate bank account and added to the liability "Replacement Reserve".

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 4.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities an disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**3. CAPITAL ASSETS**

	<u>Cost</u> \$	<u>Accumulated Amortization</u> \$	<u>2009</u> \$	<u>2008</u> \$
Land	1	-	1	1
Land improvements	4,853	-	4,853	4,853
Buildings	1,271,266	545,555	671,205	725,711
	1,276,120	545,555	676,059	730,565

**LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY**  
**ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2009**

**4. REPLACEMENT RESERVE**

	<u>2009</u>	<u>2008</u>
	\$	\$
Balance, beginning	4,195	-
Add:	10,350	10,350
Allocation for year	127	219
Interest earned	14,672	10,569
Less:		
Approved expenditures	2,980	6,374
Balance, ending	<u>11,692</u>	<u>4,195</u>

**5. LONG-TERM DEBT**

4.4% Newfoundland and Labrador Housing Corporation first mortgage on land and building; repayable in equal monthly installments of \$7,051, interest included, maturing January 2019 and renewable on December 1, 2008.

December 1, 2008, 2.086%, repayable in equal monthly installments of \$6,537.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	\$
2010	53,325
2011	55,967
2012	58,521
2013	61,191
2014	63,983

Interest Subsidy

The Authority has received federal assistance through Central Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing in 2009 was \$25,348 (2008, \$25,348).

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LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY  
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2009

6. REPAIRS AND MAINTENANCE

	<u>2009</u>	<u>2008</u>
	\$	\$
Maintenance and supplies	409	11,355
Salary	13,564	4,313
Snow Clearing	<u>1,593</u>	<u>1,518</u>
	<u>15,566</u>	<u>17,186</u>



**LABRADOR SCHOOL BOARD**

**AUDITORS' REPORT**

**FINANCIAL STATEMENTS - JUNE 30, 2008**

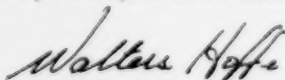
### AUDITORS' REPORT

To the directors of the **Labrador School Board**

We have audited the balance sheet of the current and capital funds of the **Labrador School Board** as at June 30, 2008 and the statements of current revenues, expenditures and Board deficit, changes in financial position and changes in capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Labrador School Board as at June 30, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

  
Chartered Accountants

Happy Valley-Goose Bay, NL

August 15, 2008

# LABRADOR SCHOOL BOARD

## Balance Sheet

June 30, 2008

2008

2007

### Assets

#### Current assets:

Cash (Supp. Info. 1)	\$ 151,388	100,408
Short term investments (Supp. Info. 2)	3,225,000	1,680,000
Accounts receivable (Note 2)	4,970,853	5,363,244
Prepaid expenses (Supp. Info 3)	60,187	66,733

Total current assets 8,407,428 7,210,385

Property, plant and equipment (Schedule 8) 43,331,756 43,031,692

\$ 51,739,184 50,242,077

### Liabilities and Board Equity

#### Current liabilities:

Bank indebtedness (Note 3)	\$ 119,687	169,303
Accounts payable and accruals (Note 4)	6,406,041	5,170,751
Current maturities (Schedules 9B)	202,944	202,943

Total current liabilities 6,728,672 5,542,997

Long-term debt (Schedule 9) 892,193 1,095,138

Accrued support staff severance 821,189 805,844

Accrued teacher severance 5,505,851 5,347,266

#### Board equity:

Investment in property, plant and equipment (Note 6)	43,341,077	43,041,013
Board deficiency (Note 7)	( 5,705,493)	( 5,869,585)
Restricted fund - Labrador West School Committee (Note 5)	155,695	279,404

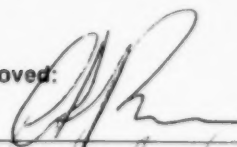
Total board equity 37,791,279 37,450,832

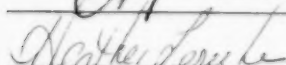
Commitments (Note 8)

Contingent liabilities (Note 10)

\$ 51,739,184 50,242,077

Approved:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# LABRADOR SCHOOL BOARD

## Statement of Current Revenues, Expenditures and Board Deficiency

Year ended June 30, 2008

2008

2007

### Current revenues (Schedule 1):

Local taxation	\$ -	-
Provincial Government and other grants	39,024,372	36,920,545
Donations	-	-
Ancillary services	213,480	192,817
Miscellaneous	5,419,559	4,613,866
	<u>44,657,411</u>	<u>41,727,228</u>

### Current expenditures:

Administration (Schedule 2)	1,521,841	1,369,938
Instruction (Schedule 3)	34,881,489	33,070,876
Operations and maintenance (Schedule 4)	5,217,174	4,527,775
Pupil transportation (Schedule 5)	2,418,753	2,146,378
Ancillary services (Schedule 6)	179,194	180,533
Interest expenses (Schedule 9C)	52	6,910
Miscellaneous expenses (Schedule 7)	-	-
	<u>44,218,503</u>	<u>41,302,410</u>

23 111

Excess (deficiency) of revenue over expenditure before teacher severance, summer pay and transfer to capital	438,908	424,818
Teacher severance	( 138,064)	55,007
Teacher summer pay	( 158,585)	28,042
Transfer to Capital Fund	( 29,002)	( 9,388)
Net increase (decrease) in board equity	113,257	498,479
Board deficit, beginning of period	( 5,869,585)	( 6,458,862)
Adjustments (Note 7)	50,835	90,798
Board deficit, ending	<u>\$( 5,705,493)</u>	<u>( 5,869,585)</u>



# LABRADOR SCHOOL BOARD

## Statement of Changes in Capital Fund

Year ended June 30, 2008

	2008	2007
70 Capital Receipt		
71 Proceeds from bank loans		
011 School construction	\$ -	-
012 Equipment	-	-
013 Service vehicles	-	-
014 Pupil transportation	-	-
015 Other - energy performance contracting	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
72 EIC Grants		
011 School construction and equipment	-	-
013 Other	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
73 Donations		
011 Cash receipts	-	-
012 Non-cash receipts	-	-
013 Restricted use	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
74 Sale of Capital Assets Proceeds		
011 Land	-	-
012 Buildings	-	21,553
013 Equipment	-	-
014 Service vehicles	-	-
015 Pupil transportation vehicles	-	-
016 Other	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>21,553</u>
75 Other Capital Revenues		
011 Interest on capital fund investments	-	-
012 Premiums on debentures	-	-
013 Recoveries of expenditures	271,062	-
015 Insurance proceeds	-	-
017 Miscellaneous	-	-
	<u>-</u>	<u>-</u>
	<u>271,062</u>	<u>-</u>
Total Capital Receipts		
77 Transfer from reserve account	-	-
78 Transfer to/from current fund	<u>29,002</u>	<u>9,389</u>
Total	<u>\$ 300,064</u>	<u>30,942</u>

# LABRADOR SCHOOL BOARD

## Statement of Changes in Capital Fund (Continued)

Year ended June 30, 2008		2008	2007
80	Capital Disbursements		
81	Additions to Property and Equipment		
011	Land and sites	\$ -	-
012	Building	271,062	-
013	Furniture and equipment - school	-	-
014	Furniture and equipment - other	-	-
015	Services vehicles	29,002	-
016	Pupil transportation	-	-
017	Other	-	-
		<u>300,064</u>	<u>-</u>
82	Principal Repayment of Loans		
011	School construction	-	-
012	Equipment	-	-
013	Services vehicles	-	-
014	Other - teachers' residences	-	30,942
		<u>-</u>	<u>30,942</u>
83	Miscellaneous Disbursements		
013	Other	-	-
		<u>-</u>	<u>-</u>
Total Capital Disbursements		<u>\$ 300,064</u>	<u>30,942</u>

**LABRADOR SCHOOL BOARD**

Schedule 1

**Current Revenues**
**Year ended June 30, 2008**
**2008**
**2007**
**Current Revenues**

31	010	Local Taxation		
	011	School taxes	\$ -	-
32	010	Provincial Government and other Grants		
	011	Regular operating grants	6,741,201	6,200,715
	012	Special grants (details on bottom of Schedule 1)	4,981,138	4,354,992
	013	Payroll tax	-	-
		Salaries and benefits		
	017	Directors and assistant directors	443,036	443,971
	021	Regular teachers	28,189,945	26,955,732
	021	Student assistants	618,342	505,589
	022	Substitute teachers	950,501	930,814
	030	Pupil Transportation		
	031	Board owned	2,081,347	1,883,724
	032	Contracted	-	-
	033	Special needs	-	-
	034	Other	336,660	191,804
33	010	Donations		
	012	Cash receipts	-	-
	013	Non cash receipts	-	-
	014	Restricted use	-	-
34	010	Ancillary Services		
	011	Revenue from rental of residences	213,480	192,817
	015	Interest	101,761	67,070
	021	Revenues from rental of schools and facilities (net)	-	-
	022	Internally generated funds	-	-
	031	Cafeterias	-	-
	032	Other	-	-
			<u>\$ 44,657,411</u>	<u>41,727,228</u>

**LABRADOR SCHOOL BOARD**

Schedule 1 (cont'd)

**Current Revenues****Year ended June 30, 2008****2008****2007****Special Grants**

Native Peoples	<b>\$ 2,322,388</b>	2,217,539
Innu Nation	<b>1,824,063</b>	1,190,546
Mining company	<b>525,000</b>	525,000
Francophone	<b>49,425</b>	49,239
Grenfell	<b>67,182</b>	126,455
Aboriginal education and initiatives	<b><u>193,080</u></b>	<u>246,213</u>
	<b><u>\$ 4,981,138</u></b>	<u>4,354,992</u>

**LABRADOR SCHOOL BOARD**

Schedule 2

**Administration Expenditures**
**Year ended June 30, 2008**
**2008**
**2007**

51 011	Salaries and benefits - director and assistant directors	\$ 443,036	443,971
012	Salaries and benefits - board office personnel	685,231	620,208
013	Office supplies	14,629	1,653
014	Replacement furniture and equipment	22,957	15,159
015	Postage	4,768	4,577
016	Telephone	48,914	( 1,174)
017	Office equipment rentals and repairs	10,617	1,340
018	Bank charges	-	-
019	Electricity	5,783	4,890
021	Fuel	-	-
022	Insurance	2,414	4,327
023	Repairs and maintenance (office building)	-	-
024	Travel	110,167	97,750
025	Board meeting expenses	39,217	76,628
026	Election expenses	-	-
027	Professional fees	45,347	27,062
028	Advertising	54,980	39,929
029	Membership dues	21,057	20,714
031	Municipal taxes	1,050	1,340
034	Miscellaneous	( 128)	924
035	Payroll tax	11,802	10,640
Total administration expenditures		<u>\$ 1,521,841</u>	<u>1,369,938</u>

**LABRADOR SCHOOL BOARD**

Schedule 3

**Instruction Expenditures**
**Year ended June 30, 2008**
**2008**
**2007**

52 010	Instructional salaries (gross)		
011	Teachers' salaries - regular	\$ 24,112,073	23,190,403
012	- substitute	809,911	724,222
013	- board paid	81,132	100,636
013	- student assistants	530,822	434,804
014	Augmentation	285,000	284,999
015	Employee benefits	4,176,311	4,014,326
016	School secretaries - salaries and benefits	607,302	567,760
017	Payroll tax	26,680	25,164
018	Other instructional salaries and benefits	<u>1,171,710</u>	<u>1,119,957</u>
		<u>31,800,941</u>	<u>30,462,271</u>
52 040	Instructional materials		
041	General supplies	439,207	476,175
042	Library resource materials	20,648	15,300
043	Teaching aids	136,239	120,232
044	Textbooks	( 4,033)	59,714
	Other (Note 9)	<u>1,588,781</u>	<u>1,186,735</u>
		<u>2,180,842</u>	<u>1,858,156</u>
52 060	Instructional furniture and equipment		
061	Replacement	93,518	75,198
062	Rentals and repairs	<u>106,347</u>	<u>139,315</u>
		<u>199,865</u>	<u>214,513</u>
52 080	Instructional staff travel:		
081	Program co-ordinators	143,456	104,101
082	Teachers' travel	37,741	43,588
083	Inservice and conferences	471,948	370,511
	Students travel	-	3,268
		<u>653,145</u>	<u>521,468</u>
090	Other instructional costs		
52 091	Postage and stationery	3,117	4,504
092	Other - Francophone Board funds	10,778	9,964
	- Health and Community living	<u>32,801</u>	-
		<u>46,696</u>	<u>14,468</u>
		<u>\$ 34,881,489</u>	<u>33,070,876</u>

**LABRADOR SCHOOL BOARD**

Schedule 4

**Operations and Maintenance Expenditures**

**Year ended June 30, 2008**

	<b>2008</b>	<b>2007</b>
53 011 Salaries and benefits - janitorial	<b>\$ 1,146,378</b>	1,142,828
012 Salaries and benefits - maintenance	<b>974,604</b>	837,702
013 Payroll tax	<b>36,985</b>	33,358
014 Electricity	<b>405,182</b>	379,194
015 Fuel	<b>478,000</b>	374,576
016 Municipal service fees	<b>64,727</b>	60,188
017 Telephone	<b>119,514</b>	103,002
018 Vehicle operating and travel	<b>49,902</b>	50,225
019 Janitorial supplies	<b>185,367</b>	130,007
021 Janitorial equipment	<b>58,847</b>	74,750
022 Repairs and maintenance - buildings	<b>1,017,060</b>	709,960
023 - equipment	<b>2,674</b>	3,198
024 Contracted services - janitorial	<b>114,850</b>	152,620
025 Snowclearing	<b>137,457</b>	120,790
027 Other - mechanical, water and sewer	<b>156,130</b>	115,342
- salaries and benefits - computer technologies	<b>267,451</b>	237,878
- maintenance occupational health and safety	<b>2,046</b>	2,157
Total Operations and maintenance expenditures	<b><u>\$ 5,217,174</u></b>	<b><u>4,527,775</u></b>

**LABRADOR SCHOOL BOARD**

Schedule 5

**Pupil Transportation Expenditures**

**Year ended June 30, 2008**

**2008**

**2007**

54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries and benefits - administration	\$ 163,155	153,506
012	Salaries and benefits - drivers and mechanics	1,331,215	1,257,432
013	Payroll tax	22,869	21,876
014	Debt repayment - interest	66,825	75,068
	- principal	36,899	-
017	Gas and oil	310,057	252,599
018	Licences	26,231	22,414
019	Insurance	31,293	35,714
021	Repairs and maintenance - fleet	189,844	163,304
022	- building	17,822	6,957
023	Tires and tubes	27,531	33,375
024	Heat and light	14,484	5,416
025	Municipal services	1,094	1,096
026	Snowclearing	18,448	19,502
027	Office supplies	2,438	4,183
029	Travel	23,398	12,396
031	Professional fees	3,691	1,319
032	Miscellaneous	1,931	4,466
033	Telephone	27,047	21,939
	Rent	78,975	48,310
	Occupational health and safety training	1,418	-
		<u>2,396,665</u>	<u>2,140,872</u>
54 040	Contracted Services		
041	Regular transportation	15,982	-
042	Handicapped	6,106	5,506
		<u>22,088</u>	<u>5,506</u>
	<b>Total Pupil Transportation Expenditures</b>	<b><u>\$ 2,418,753</u></b>	<b><u>2,146,378</u></b>



LABRADOR SCHOOL BOARD

Schedule 6

Ancillary Services

Year ended June 30, 2008

2008

2007

55	Ancillary Services		
011	Operation of teachers' residence	\$ 179,194	180,533
013	Janitorial	-	-
031	Cafeterias	-	-
032	Other	-	-
		<u>\$ 179,194</u>	<u>180,533</u>

**LABRADOR SCHOOL BOARD**

Schedule 7

**Miscellaneous Expenses****Year ended June 30, 2008****2008****2007**

The Board has incurred the following miscellaneous expenses:

57 001 Miscellaneous

\$ --

**LABRADOR SCHOOL BOARD**

Schedule 8

**Details of Property and Equipment**
**Year ended June 30, 2008**

		Balance June 30, 2007	Additions	Disposals	Balance June 30, 2008
Land and sites					
12 210	Land and Sites				
211	Land and sites	\$ 173,221	-	-	173,221
12 220	Buildings				
221	Schools	35,181,620	271,062	-	35,452,682
222	Administration	283,947	-	-	283,947
223	Residential	2,361,738	-	-	2,361,738
224	Recreation	-	-	-	-
225	Other - maintenance	263,899	-	-	263,899
		38,091,204	271,062	-	38,362,266
12 230	Furniture and equipment	2,852,466	-	-	2,852,466
12 240	Vehicles				
241	Service vehicles	-	-	-	-
12 250	Pupil Transportation				
251	Land	-	-	-	-
252	Building	-	-	-	-
253	Vehicles - buses	1,797,169	-	-	1,797,169
254	- service	117,632	29,002	-	146,634
255	Equipment	-	-	-	-
256	Other	-	-	-	-
		1,914,801	29,002	-	1,943,803
12 260	Miscellaneous Capital				
261	Other	-	-	-	-
Total Property and Equipment		\$ 43,031,692	300,064	-	43,331,756

# LABRADOR SCHOOL BOARD

Schedule 9

## Details of Long-term debt

Year ended June 30, 2008

2008

2007

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador

### 22 210 Loans Other Than Pupil Transportation

#### Ref. #

#### 211 Bank Loans

Prime minus .25%, repayable \$196 monthly, repaid during year

\$ -

-

#### 212 Mortgages

\_\_\_\_, repayable \$\_\_\_\_ monthly, maturing

-

-

\_\_\_\_, repayable \$\_\_\_\_ monthly, maturing

-

-

\_\_\_\_, repayable \$\_\_\_\_ monthly, maturing

-

-

Total 212

-

-

#### 213 Vehicles

\_\_\_\_, repayable \$\_\_\_\_ monthly, maturing

-

-

\_\_\_\_, repayable \$\_\_\_\_ monthly, maturing

-

-

Total 213

-

-

#### 214 Other

\_\_\_\_, repayable \$\_\_\_\_ monthly, maturing

-

-

Subtotal

-

-

#### 215 Less: Current Maturities

-

-

Total Loans Other Than Pupil Transportation

-

-

**LABRADOR SCHOOL BOARD**

Schedule 9 (cont'd)

**Details of Long-term debt**

**Year ended June 30, 2008**

**2008**

**2007**

22 220 Loans - Pupil Transportation

Ref #

221 Vehicle Bank Loans

Prime minus .25%, repayable \$3,287 monthly; maturing 2011	<b>\$ 108,468</b>	147,911
Prime minus .25%, repayable \$2,172 monthly; maturing 2013	<b>128,144</b>	154,207
Prime minus .25%, repayable \$2,517 monthly; maturing 2012	<b>120,653</b>	150,860
Prime minus .25%, repayable \$1,696 monthly; maturing 2015	<b>147,543</b>	167,894
Prime minus .25%, repayable \$581 monthly; maturing 2014	<b>41,824</b>	48,794
Prime minus .25%, repayable \$3,137 monthly; maturing 2011	<b>116,470</b>	154,115
Prime minus .25%, repayable \$598 monthly; maturing 2018	<b>75,363</b>	82,540
Prime minus .25%, repayable \$2,924 monthly; maturing 2018	<b>356,672</b>	391,760

Subtotal **1,095,137** 1,298,081

223 Less: Current Maturities **202,944** 202,943

Total Loans - Pupil Transportation **892,193** 1,095,138

Total Long-Term Debt **\$ 892,193** 1,095,138

**LABRADOR SCHOOL BOARD**

Schedule 9A

**Summary of Long-term debt**

**Year ended June 30, 2008**

<u>Description</u>	<u>Rate</u>	<u>Balance June 30, 2007</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment For Year</u>	<u>Balance June 30, 2008</u>
(A) School construction		\$ -	-	-	-
(B) Equipment		-	-	-	-
(C) Service vehicles		-	-	-	-
(D) Other	Prime - 1.25%	-	-	-	-
(E) Bus acquisition	Prime - 0.25%	<u>1,298,081</u>	<u>-</u>	<u>202,944</u>	<u>1,095,137</u>
Total Loans		<u>\$ 1,298,081</u>	<u>-</u>	<u>202,944</u>	<u>1,095,137</u>
Less: Current Maturities					<u>202,944</u>
Total Loans					<u>\$ 892,193</u>

**LABRADOR SCHOOL BOARD**

Schedule 9B

**Schedule of Current Maturities**

**Year ended June 30, 2008**

<u>Description</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
(A) School construction	-	-	-	-	-
(B) Equipment	-	-	-	-	-
(C) Service vehicles	-	-	-	-	-
(D) Other	-	-	-	-	-
(E) Pupil transportation	<u>202,944</u>	<u>202,944</u>	<u>193,080</u>	<u>129,223</u>	<u>93,478</u>
Total	<u>202,944</u>	<u>202,944</u>	<u>193,080</u>	<u>129,223</u>	<u>93,478</u>

## LABRADOR SCHOOL BOARD

Schedule 9C

## Schedule of Interest Expenses

Year ended June 30, 2008

2008

2007

Description

## 012 Capital

School construction

\$ - -

Equipment

- -

Service vehicles

- -

Other - teachers' residences

- 755

Pupil transportation

- -

## Total Capital

- 755

## 013 Current - operating loans

102 146

- supplier interest charges

( 50) 6,009

## Total current

52 6,155

## Total Interest Expense

\$ 52 6,910



# LABRADOR SCHOOL BOARD

## Supplementary Information

June 30, 2008

2008

2007

### 1. Cash

#### Current

11	110	Cash on Hand and in Bank		
	111	Cash on hand	\$ 1,165	1,165
	112	Bank - current	48,299	-
	113	- savings - Labrador West School Committee		
		Funds in trust	101,924	99,243
	114	- teachers' payroll	-	-
	115	- non teachers' payroll	-	-
	116	- coupon (debenture)	-	-

#### Capital

11	210	Cash on Hand and in Bank		
	211	Cash on hand	-	-
	212	Bank - current	-	-
	213	- savings	-	-
	214	- other	-	-

Total Cash on Hand and in Bank		<u>\$ 151,388</u>	<u>100,408</u>
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### 2. Short Term Investments

#### Current

11	121	Term deposits	\$ 3,225,000	1,680,000
	122	Canada Savings Bonds	-	-
	123	Other	-	-

#### Capital

11	221	Term deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-

Total Short Term Investments		<u>\$ 3,225,000</u>	<u>1,680,000</u>
------------------------------	--	---------------------	------------------

**LABRADOR SCHOOL BOARD**

**Supplementary Information (Continued)**

<b>June 30, 2008</b>		<b>2008</b>	<b>2007</b>
<b>3.</b>	<b><u>Prepaid Expenses</u></b>		
	<b><u>Current</u></b>		
11	141 Insurance	\$ -	-
	142 Municipal service fees	16,113	17,240
	143 Supplies	-	2,242
	144 Other - WHSCC	-	-
	- travel	7,490	147
	- miscellaneous	36,584	47,104
	<b><u>Capital</u></b>		
11	241 Other	-	-
		<u>\$ 60,187</u>	<u>66,733</u>

# LABRADOR SCHOOL BOARD

## Notes to the Financial Statements

June 30, 2008

---

### 1. Summary of significant accounting policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (a) Grants received by the Board are recorded in either the current or capital funds, depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are mostly recorded as capital revenues.
- (b) Land, buildings and equipment are recorded in the accounts based on the carrying values on the balance sheets of the former school Boards upon amalgamation at January 31, 1997.
- (c) The Board does not calculate or record amortization on any of its fixed assets.
- (d) As a result of the amalgamation of former school boards to form the Labrador School Board, described below, historical cost information related to property, plant and equipment is not always available.

In instances where the historical cost of a capital asset is unknown, only the proceeds received on the disposition of the property, plant and equipment are credited to the property, plant and equipment account.

If the historical cost of a property, plant and equipment is known, the disposition of the capital asset is recorded by removing the full cost of the asset from the property, plant and equipment account.

- (e) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.
- (f) Principal repayment of Pupil Transportation Loans are recorded as current expenditures. All other principal repayment of bank loans are recorded as capital expenditures.

### Severance Pay

The Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education.

# LABRADOR SCHOOL BOARD

## Notes to the Financial Statements

June 30, 2008

### 1. Summary of significant accounting policies (continued):

#### Other

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador. The amalgamation was accounted for using the pooling of interests method whereby the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board.

### 2. Accounts Receivable:

	<u>2008</u>	<u>2007</u>
<u>Current</u>		
11 131 Provincial Government Grant	\$ 4,704,775	5,124,019
132 Transportation	-	-
133 Federal Government	108,556	105,479
134 School taxes	-	-
136 Other School Boards	-	-
137 Rent	-	-
138 Interest	-	-
139 Travel advances and miscellaneous	157,522	133,746
<u>Capital</u>		
11 231 EIC - construction grants	-	-
233 Local contributions	-	-
234 Other School Boards	-	-
235 Other - Department of Education	-	-
	<u>4,970,853</u>	<u>5,363,244</u>
Less allowance for uncollectible Government grants	-	-
	<u>\$ 4,970,853</u>	<u>5,363,244</u>

### 3. Bank Indebtedness - Current:

	<u>2008</u>	<u>2007</u>
21 131 On operating credit	\$ -	-
132 On current account	119,687	169,303
	<u>\$ 119,687</u>	<u>169,303</u>

# LABRADOR SCHOOL BOARD

## Notes to the Financial Statements

June 30, 2008

### 4. Payables and accruals:

		<u>2008</u>	<u>2007</u>
	<u>Current</u>		
21	111 Trade payables	\$ 542,232	464,996
	112 Accrued - liabilities	10,700	10,700
	113 - interest	-	-
	114 - wages	75,136	131,968
	115 Payroll deductions	126,054	45,535
	116 Retail sales tax	-	-
	117 Deferred grants	2,158,333	1,162,030
	119 Summer pay - teachers	3,493,586	3,355,522
	122 Department of Education	-	-
	<u>Capital</u>		
21	211 Trade payables	-	-
	212 Accrued - liabilities	-	-
	213 - interest	-	-
	217 Deferred grants	-	-
	218 Other	-	-
		<u>\$ 6,406,041</u>	<u>5,170,751</u>

### 5. Restricted fund:

	<u>2008</u>	<u>2007</u>
Labrador West School Committee	<u>\$ 155,695</u>	<u>279,404</u>

The restricted surplus represents unexpended funding set aside for the benefit of the Labrador West School Committee. The available funds must be spent in Labrador West.

# LABRADOR SCHOOL BOARD

## Notes to the Financial Statements

June 30, 2008

---

### 6. Investment in Property, plant and equipment:

	<u>2008</u>	<u>2007</u>
Balance, beginning:		
As previously reported	\$ 43,041,013	42,514,146
Transfer of operating funds to capital fund	-	9,388
Principal repayment of housing loan	-	30,942
Proceeds from bussing loans - net	-	505,290
Addition to schools	271,062	-
Purchase of service vehicle	<u>29,002</u>	<u>28,247</u>
	43,341,077	43,088,013
Deduct adjustments:		
Cost of assets sold - land	-	-
- buildings	-	47,000
- buses	-	-
- service vehicles	<u>-</u>	<u>-</u>
23 221 Balance, ending	<u>\$ 43,341,077</u>	<u>43,041,013</u>

## LABRADOR SCHOOL BOARD

### Notes to the Financial Statements

June 30, 2008

---

#### 7. Board Deficit:

	<u>2008</u>	<u>2007</u>
Balance, beginning:		
As previously reported	<b>\$(5,869,585)</b>	(6,458,862)
Adjustments in current year:		
Correction re prior year	-	( 152)
Transfer from deferred revenue - NL Hydro	-	14,189
Transfer of deficit to North Coast Housing Program	<b>15,000</b>	65,000
Accrued severance related to Innu agreement	<b>8,520</b>	-
Transfer of funds related to fuel tank replacements	<b>18,929</b>	-
Other adjustments - receivables	<b>8,386</b>	11,761
	<b>(5,818,750)</b>	(6,368,064)
Excess (deficiency) of revenue over expenditures	<b>113,257</b>	498,479
Balance, ending	<b><u>\$(5,705,493)</u></b>	<b><u>(5,869,585)</u></b>

The Board deficit is comprised as follows:

Deficit upon amalgamation at January 1, 1997	<b>\$( 504,281)</b>	( 504,281)
Deficit related to teachers' severance (responsibility of Provincial Government)	<b>(5,505,851)</b>	(5,347,266)
Surplus (deficit) attributable to Board operations since amalgamation	<b>304,639</b>	( 18,038)
Board deficit, end of year	<b><u>\$(5,705,493)</u></b>	<b><u>(5,869,585)</u></b>

#### 8. Commitments:

At balance sheet date, the Board had the following commitments:

The Board has entered into lease agreements with estimated future payments to the next three years as follows:

2009	\$ 32,460
2010	15,660
2011	2,610

## LABRADOR SCHOOL BOARD

### Notes to the Financial Statements

June 30, 2008

#### 9. Other Instructional Materials:

	<u>2008</u>	<u>2007</u>
Native Peoples	\$ 54,746	23,403
Labrador Studies	37,450	17,303
Modern Technology	126,258	120,258
Teacher Orientation - North Coast	5,160	3,756
Creative Arts Festival	30,890	30,612
Lifeskills Program	20,633	13,965
Special Projects - Housing	471,956	348,724
Innu - Sheshatshiu	158,556	6,305
Labrador North Sports Meet	38,099	30,082
Mushuau Innu Natuashish	413,842	412,334
Grenfell Library Program	67,144	62,510
Labrador West Funds	66,463	49,509
Music Supplies	75,686	57,514
Stepping Into the Future	21,898	10,460
	<u>\$ 1,588,781</u>	<u>1,186,735</u>

#### 10. Contingent liabilities

The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by various churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the Board is not known.

A former Board employee has grieved termination of employment as wrongful dismissal and the union is seeking reinstatement with full restitution. This case has not yet proceeded to arbitration.

There is a potential claim by an engineering firm related to consulting fees for supervision of a general contract to replace oil tanks. It is unknown if this claim will be further pursued by this firm. The amount of the claim cited by the firm is \$7,267. There has been no recognition of this amount in these financial statements.

A human rights complaint has been filed against the Board. A response to this complaint has been filed on behalf of the Board. The Board is awaiting a determination by the Human Rights Commission as to whether the complaint will be referred to a Board of Enquiry.



## **LABRADOR SCHOOL BOARD**

### **Notes to the Financial Statements**

**June 30, 2008**

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**11. Other:**

At balance sheet date the Board was in the process of compiling information related to its capital assets which will allow it to change its accounting policy related to the reporting of capital assets.

When the change in the accounting policy is implemented, the Board will record amortization of its tangible capital assets in accordance with Public Sector Accounting Board standards.

Complete information to implement this change in policy for the year ended June 30, 2008 was not available at the date of these financial statements. It is anticipated that this change in accounting policy will be implemented for the year ending June 30, 2009.



LABRADOR SCHOOL BOARD TRUST FUND

AUDITORS' REPORT

FINANCIAL STATEMENTS - DECEMBER 31, 2008

**AUDITORS' REPORT**

To the Board of Directors of

**Labrador School Board Trust Fund**

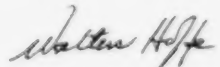
We have audited the statement of financial position of **Labrador School Board Trust Fund** as at December 31, 2008 and the statement of operations for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust fund as at December 31, 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Happy Valley-Goose Bay, NL

May 8, 2008



Chartered Accountants

# LABRADOR SCHOOL BOARD TRUST FUND


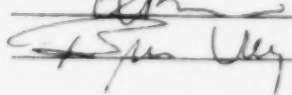
## Statement of Financial Position

December 31, 2008

	2008	2007
<b>Assets</b>		
Current assets:		
Cash	\$ 14,746	10,221
Receivables - HST	-	1,350
	<u>\$ 14,746</u>	<u>11,571</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accrued professional fees	\$ 600	1,000
Trust equity:		
Balance, opening	10,571	23,341
Excess (deficiency) of revenue over expenditures, per accompanying statement	<u>3,875</u>	<u>( 12,770)</u>
Balance, ending	<u>14,146</u>	<u>10,571</u>
	<u>\$ 14,746</u>	<u>11,571</u>

See accompanying note

Approved:

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

LABRADOR SCHOOL BOARD TRUST FUND

Statement of Operations

Year ended December 31, 2008

	2008	2007
Revenue:		
Donations	\$ 5,300	35,000
Interest	<u>299</u>	<u>1,822</u>
	<u>5,599</u>	<u>36,822</u>
Expenditures:		
Library resources	90	45,564
Scholarships	1,750	3,000
Professional fees	170	500
Donations	-	500
Bank service charges	<u>14</u>	<u>28</u>
	<u>2,024</u>	<u>49,592</u>
Excess (deficiency) of revenue over expenditures	\$ <u>3,575</u>	<u>( 12,770)</u>

**LABRADOR SCHOOL BOARD TRUST FUND**

**Note to the Financial Statements**

**December 31, 2008**

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**1. Nature of the operations:**

The Labrador School Board Trust Fund was established to encourage donations from the business community and individuals to assist with the provision of scholarships, the purchase of additional classroom resources, the broadening of the educational curriculum and to assist students to avail of greater academic opportunities.





**LIVESTOCK OWNERS COMPENSATION BOARD**

**LIVESTOCK OWNERS COMPENSATION FUND**

**FINANCIAL STATEMENTS**

**MARCH 31, 2009**



OFFICE OF THE AUDITOR GENERAL  
St. John's, Newfoundland and Labrador

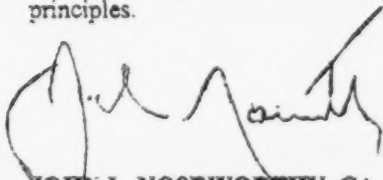
**AUDITOR'S REPORT**

To the Board of Directors  
Livestock Owners Compensation Board  
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2009 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



**JOHN L. NOSEWORTHY, CA**  
Auditor General

St. John's, Newfoundland and Labrador  
1 June 2009

**LIVESTOCK OWNERS COMPENSATION BOARD  
LIVESTOCK OWNERS COMPENSATION FUND  
BALANCE SHEET**

31 March 2009 2008

**ASSETS**

**Current**

Cash	\$ 11,732	\$ 15,140
Accounts receivable	1,200	900
	<u>\$ 12,932</u>	<u>\$ 16,040</u>

**LIABILITIES AND EQUITY**

**Current**

Accounts payable and accrued liabilities	\$ 1,203	\$ 1,048
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**Equity**

Contributions - Province of Newfoundland and Labrador	78,895	78,895
Deficit	(67,166)	(63,903)
	<u>11,729</u>	<u>14,992</u>
	<u>\$ 12,932</u>	<u>\$ 16,040</u>

*See accompanying notes*

Signed on behalf of the Board:

C. MacDonald  
Chairperson

B. F. [Signature]  
Member

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**STATEMENT OF REVENUES, EXPENSES AND DEFICIT**  
**For the Year Ended 31 March**

**2009**

**2008**

**REVENUES**

Province of Newfoundland and Labrador

Payments on behalf of the Board  
for administration (Note 2)

\$ 8,145

\$ 6,922

Premiums from livestock owners

909

996

9,054

7,918

**EXPENSES**

Bad debt expense

-

23

Bank charges

31

30

Indemnity claims

4,141

3,178

Professional services (Note 2)

1,500

1,200

Salaries (Note 2)

6,645

5,722

12,317

10,153

Excess of expenses over revenues

(3,263)

(2,235)

Deficit, beginning of year

(63,903)

(61,668)

Deficit, end of year

\$ (67,166)

\$ (63,903)

**LIVESTOCK OWNERS COMPENSATION BOARD**  
**LIVESTOCK OWNERS COMPENSATION FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
31 March 2009

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**Authority**

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

**1. Significant accounting policies**

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

**2. Payments on behalf of the Board for administration**

The Board is administered by employees of the Department of Natural Resources. Salary costs of \$5,645 (2008 - \$5,722) and other costs of \$1,500 (2008 - \$1,200) applicable to the operation of the Board have been paid by the Department and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

**3. Economic dependence**

As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

**4. Financial instruments**

The Board's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

**5. Income taxes**

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.



**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED APRIL 30, 2009**



**Belanger Clarke  
Follett & McGettigan**  
CHARTERED ACCOUNTANTS - BUSINESS ADVISORS

A MEMBER FIRM OF THE AC GROUP OF INDEPENDENT ACCOUNTING FIRMS LIMITED

50 Main Street  
P.O. Box 4  
Corner Brook, NL  
A2H 6C3  
709 634 1590  
709 634 1599 fax

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## AUDITORS' REPORT

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To the Shareholders of Marble Mountain Development Corporation

We have audited the balance sheet of Marble Mountain Development Corporation as at April 30, 2009 and the statements of operations, deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Corner Brook, Newfoundland and Labrador  
June 10, 2009

*Belanger Clarke Follett & McGettigan*

CHARTERED ACCOUNTANTS



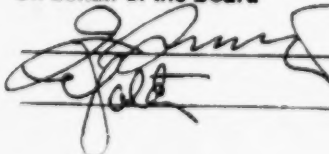
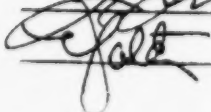
# MARBLE MOUNTAIN DEVELOPMENT CORPORATION

## Balance Sheet

As at April 30, 2009

	2009	2008
<b>Assets</b>		
Current		
Cash	\$ 7,139	\$ 2,040
Accounts receivable	92,217	83,596
Inventory (Note 2)	48,220	34,976
Prepaid expenses	79,779	81,754
	<u>227,355</u>	<u>202,366</u>
Capital assets (Notes 2, 3)	17,466,031	17,787,836
Deferred charges (Note 2)	24,497	24,408
	<u>\$ 17,717,883</u>	<u>\$ 18,014,610</u>
<b>Liabilities</b>		
Current		
Bank indebtedness (Note 4)	\$ 1,890,789	\$ 1,778,571
Accounts payable and accrued liabilities (Note 5)	354,589	335,076
Current portion of obligations under capital lease (Note 6)	143,300	120,705
Deferred revenue	13,000	13,630
Current portion of long term debt (Note 15)	13,967	32,330
	<u>2,415,645</u>	<u>2,280,312</u>
Long term debt (Note 15)	286,033	267,670
Obligations under capital lease (Note 6)	273,426	116,265
Deferred government assistance (Notes 2, 7)	5,791,833	6,085,611
	<u>8,766,937</u>	<u>8,749,858</u>
<b>Shareholders' equity</b>		
Contributed surplus	22,730,703	22,330,703
Deficit	(13,779,757)	(13,065,951)
	<u>8,950,946</u>	<u>9,264,752</u>
	<u>\$ 17,717,883</u>	<u>\$ 18,014,610</u>
Contingent liability (Note 11)		
Lease commitments (Note 10)		

On behalf of the Board

 Director  
 Director

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Statement of Deficit  
Year Ended April 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Deficit - beginning of year</b>		
As previously reported	<b>\$ (13,065,951)</b>	<b>\$ (906,668)</b>
Prior period adjustment ( <i>Note 14</i> )	<b>(10,763)</b>	<b>(11,508,429)</b>
As restated	<b>(13,076,714)</b>	<b>(12,415,097)</b>
Excess of revenue over expenditure	<b>199,507</b>	<b>273,413</b>
	<b>(12,877,207)</b>	<b>(12,141,684)</b>
Amortization	<b>902,550</b>	<b>924,267</b>
<b>Deficit - end of year</b>	<b><u>\$ (13,779,757)</u></b>	<b><u>\$ (13,065,951)</u></b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION**

**Statement of Operations**

**Year Ended April 30, 2009**

	2009	2008
<b>Income(loss) from operations</b>		
Lift Operations (Schedule 1)	\$ (311,954)	\$ (332,188)
Rental and Repair Shop (Schedule 2)	165,161	255,170
Cafeteria (Schedule 3)	49,586	86,277
Bar (Schedule 4)	73,583	70,841
Ski School (Schedule 5)	28,679	74,458
Events (Schedule 6)	41,735	19,842
Marketing (Schedule 7)	(127,408)	(90,693)
Marble Villa (Schedule 8)	192,253	149,331
Operating grant (Note 8)	400,000	400,000
Interest income	712	1,515
	<u>512,347</u>	<u>634,553</u>
<b>Expenses</b>		
Bad debts	2,732	-
Directors fees (Note 12)	3,940	11,055
Advertising	578	801
Labour services	184,306	188,914
Management fees (Note 12)	-	790
Administration	12,809	14,846
Communications	7,288	5,913
Travel and conference	7,855	5,673
Interest on capital leases	25,979	22,324
Interest and bank charges	54,387	96,151
Professional fees	7,981	11,236
Board and committee meetings	3,627	1,777
Miscellaneous	1,358	1,660
	<u>312,840</u>	<u>361,140</u>
<b>Excess of revenue over expenditure</b>	<u>\$ 199,507</u>	<u>\$ 273,413</u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Statement of Cash Flows****Year Ended April 30, 2009**

	2009	2008
<b>Cash flows from operating activities</b>		
Cash receipts from customers	\$ 2,634,849	\$ 2,796,807
Cash paid to suppliers and employees	(2,733,683)	(2,750,618)
Interest paid	(123,468)	(158,784)
Prior period adjustment	(10,763)	-
Interest received	712	1,515
Cash flow used by operating activities	(232,353)	(111,080)
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(552,400)	(79,852)
Proceeds on disposal of capital assets	21,841	4,994
Cash flow used by investing activities	(530,559)	(74,858)
<b>Cash flows from financing activities</b>		
Bank indebtedness	112,218	(108,852)
Repayment of obligations under capital lease	(144,207)	(111,769)
Operating grant	400,000	400,000
Capital grant	400,000	-
Cash flow from financing activities	768,011	179,379
<b>Increase (decrease) in cash flow</b>	<b>5,099</b>	<b>(6,559)</b>
Cash - beginning of year	2,040	8,599
<b>Cash - end of year</b>	<b>\$ 7,139</b>	<b>\$ 2,040</b>
<b>Cash consists of:</b>		
Cash	\$ 7,139	\$ 2,040

# MARBLE MOUNTAIN DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended April 30, 2009

### 1. General

The Corporation is a "Non-Profit Development Corporation" incorporated under the Corporations Act of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

### 2. Summary of significant accounting policies

#### Revenue Recognition

We recognize revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- our ability to collect is reasonably assured.

#### Inventory

Inventory is valued at the lower of cost and net realizable value.

#### Capital assets

Capital assets purchased by the Corporation are accounted for at cost. Donated assets are recorded at the estimated fair market value. Amortization is provided for on a straight-line basis over the estimated life of the assets as follows:

Buildings	15-40 years
Vehicles	3-20 years
Computer equipment	3 years
Furniture & fixtures	5 years
Rental equipment	3 years
Signs	5 years
Lifts	30 years
Area improvements	30 years
Equipment under capital lease	10 years

#### Deferred charges

Deferred charges represent the unamortized cost of purchasing uniforms for snow school instructors. Amortization of the deferred charge is provided on the straight-line basis over 3 years and is recorded as ski patrol expense in lift operations.

(continues)

# MARBLE MOUNTAIN DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended April 30, 2009

### 2. Summary of significant accounting policies (continued)

#### Government assistance and other contributions

Provincial government grants and other contributions related to the acquisition of capital assets are accounted for as contributed surplus. Federal government grants and other contributions related to the acquisition of capital assets are recorded as deferred government grants and amortized to income in relationship to the amortization of the asset involved. Government assistance and other contributions related to capital assets retired from service are credited against the related capital asset in the year of retirement.

Government grants related to operations are accounted for as revenue or as a reduction of the expense to which the grant relates.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets and goodwill. Actual results could differ from these estimates.

### 3. Capital assets

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Buildings	\$ 10,607,249	\$ 3,740,896	\$ 6,866,353	\$ 7,092,973
Vehicles	5,535,464	3,993,787	1,541,677	1,737,592
Computer equipment	19,658	7,026	12,632	2,812
Furniture and fixtures	797,623	740,822	56,801	53,578
Rental equipment	253,578	175,532	78,046	65,315
Signs	106,541	106,541	-	-
Lifts	4,932,665	2,581,457	2,351,208	2,331,500
Area improvements	12,259,258	6,377,758	5,881,500	6,078,144
Equipment under capital lease	850,525	172,711	677,814	425,922
	<b>\$ 35,362,561</b>	<b>\$ 17,896,530</b>	<b>\$ 17,466,031</b>	<b>\$ 17,787,836</b>

### 4. Bank indebtedness

	2009	2008
Outstanding cheques in excess of funds on deposit	\$ 81,297	\$ 35,526
Line of credit	1,809,492	1,743,045
	<b>\$ 1,890,789</b>	<b>\$ 1,778,571</b>

The line of credit is authorized in the amount of \$2,100,000 and bears interest at the rate of bank prime less .5%. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors.

# MARBLE MOUNTAIN DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended April 30, 2009

### 5. Accounts payable and accrued liabilities

	2009	2008
Trade	\$ 333,487	\$ 289,027
Harmonized Sales Tax payable	996	3,648
Payroll deductions payable	14,747	37,312
Wages payable	5,359	5,089
	<u>\$ 354,589</u>	<u>\$ 335,076</u>

### 6. Obligations under capital lease

	2009	2008
Leascor Equipment Financing Inc. lease bearing interest at 8.6% per annum, repayable in monthly blended payments of \$5,671. The lease matures on July 31, 2009 and is secured by a charge over specific equipment.	\$ 22,298	\$ 85,449
Alter Moneta Leasing lease bearing interest at 6.76% per annum, repayable in monthly blended payments of \$5,504. The lease matures on November 30, 2010 and is secured by a charge over specific equipment.	93,960	151,521
National Leasing lease bearing interest at 8.45% per annum, repayable in monthly blended payments of \$6,166. The lease matures on November 30, 2013 and is secured by a charge over specific equipment.	280,376	-
National Leasing lease bearing interest at 10.835% per annum, repayable in monthly blended payments of \$753. The lease matures on December 1, 2012 and is secured by a charge over specific equipment.	20,092	-
	<u>416,726</u>	<u>236,970</u>
Amounts payable within one year	<u>(143,300)</u>	<u>(120,705)</u>
	<u>\$ 273,426</u>	<u>\$ 116,265</u>

Future minimum capital lease payments are approximately:

2010	\$ 143,300
2011	97,211
2012	66,917
2013	67,326
2014	41,973
Total minimum lease payments	<u>\$ 416,726</u>

# MARBLE MOUNTAIN DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended April 30, 2009

7. Deferred government assistance - capital assets

	2009	2008
Balance, at beginning of year	\$ 6,085,611	\$ 6,362,146
Less: amount transferred to income by reduction of amortization expense for the year	(293,778)	(276,535)
Balance, at end of year	\$ 5,791,833	\$ 6,085,611

8. Government assistance and other contributions - operations

Province of Newfoundland and Labrador - Operating grant

For the year ended April 30, 2009, an administrative operating grant of \$400,000 (2008 - \$400,000) was approved and received. For the year ended April 30, 2009, a capital grant of \$400,000 (2008 - Nil) was received and recorded as contributed surplus.

The above administrative operating grant is subject to the terms and conditions as outlined in the contribution agreement

9. Income taxes

The Corporation is a not-for-profit corporation wholly owned by the Province of Newfoundland and Labrador and as such is not subject to Federal and Provincial income taxes under the Canadian Income Tax Act.

10. Lease commitments

The Corporation leases equipment under long-term operating leases which expire at various times between 2009 and 2010. The future minimum lease payments required under these long-term leases are approximately as follows:

2010	\$ 6,462
2011	2,398
	<u>\$ 8,860</u>

11. Contingent liability

As at April 30, 2009, a supplier had claimed that the Corporation owed it approximately \$70,005 for services rendered. The Corporation's management feels the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Corporation has not recorded a provision for losses that may result from the claim.

12. Related party transactions

During the year ended April 30, 2009, a management fee was paid to the Chairperson of the Board of Directors in the amount of \$Nil (2008 - \$790). In addition, director's fees of \$3,940 (2008 - \$11,055) were paid in aggregate to the Board of Directors of the Corporation.



# MARBLE MOUNTAIN DEVELOPMENT CORPORATION

## Notes to Financial Statements

Year Ended April 30, 2009

### 13. Financial instruments

The Corporation's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, deferred revenue, obligations under capital leases, and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### 14. Prior period adjustments

Prior period adjustments are the result of additional transactions recorded in the general ledger after the 2008 audited financial statements were completed.

### 15. Long term debt

	2009	2008
Department of Innovation, Trade and Rural Development loan, non-interest bearing and repayable in annual installments based on 20% of available cash flow. Due 2015.	\$ 300,000	\$ 300,000
Amounts payable within one year	(13,967)	(32,330)
	<u>\$ 286,033</u>	<u>\$ 267,670</u>

Principal repayment terms are approximately:

2010	\$ 13,967
------	-----------

The above long term debt is secured by a chattel mortgage on specific equipment. Long term debt repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long-term debt and capital leases. The Corporation has until 2015 to repay the loan in full.

### 16. Changes in non-cash working capital

	2009	2008
Accounts receivable	\$ (8,621)	\$ 18,315
Inventory	(13,244)	1,384
Accounts payable	19,513	25,347
Prepaid expenses	1,975	(2,594)
Deferred revenue	(630)	(2,539)
	<u>\$ (1,007)</u>	<u>\$ 39,913</u>

### 17. Comparative figures

The prior year comparative figures were audited by another firm of chartered accountants.

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Lift Operations****(Schedule 1)****Year Ended April 30, 2009**

	2009	2008
<b>Revenue</b>		
Lift tickets	\$ 570,300	\$ 703,024
Season passes	581,611	525,500
Tenant-revenue	31,393	14,912
Children's centre	9,517	14,899
Facilities rental	649	440
Miscellaneous - Lifts	1,286	2,361
	<u>1,194,756</u>	<u>1,261,136</u>
<b>Expenditures</b>		
Management contract	92,400	103,575
Snowmaking		
Electricity	118,353	123,340
Labour services	37,721	28,173
Equipment maintenance	35,876	45,814
Vehicle operating		
Repairs	52,668	57,609
Fuel	53,355	79,793
Lift repairs	97,391	177,850
Maintenance		
Equipment	701	451
Building	62,412	46,210
Slopes	54,154	33,703
Labour services	395,499	420,610
Heating and electricity	123,120	119,998
Insurance	117,330	118,879
Ski patrol	85,388	77,946
Supplies	30,634	24,001
Municipal fees	13,385	22,006
Interest and bank charges	40,174	34,971
Security	389	1,479
Children's centre	18,290	22,831
Miscellaneous	19,064	17,699
Snowclearing	15,720	8,801
Communications	15,167	7,147
Equipment rental	22,565	19,887
Uniforms	4,954	551
	<u>1,506,710</u>	<u>1,593,324</u>
<b>Loss from operations</b>	<u>\$ (311,954)</u>	<u>\$ (332,188)</u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Rental and Repair Shop****(Schedule 2)****Year Ended April 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Revenue</b>	<b>\$ 231,829</b>	<b>\$ 327,791</b>
<b>Expenditures</b>		
Labour services	64,865	66,980
Supplies	411	4,101
Miscellaneous	(73)	249
Communications	590	416
Equipment rental	875	875
	<b>66,668</b>	<b>72,621</b>
<b>Income from operations</b>	<b>\$ 165,161</b>	<b>\$ 255,170</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Cafeteria****(Schedule 3)****Year Ended April 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Revenue</b>	<b>\$ 290,936</b>	<b>\$ 341,732</b>
Cost of sales	<u>123,744</u>	<u>137,932</u>
<b>Gross profit</b>	<u><b>167,192</b></u>	<u><b>203,800</b></u>
<b>Expenditures</b>		
Repairs and maintenance	2,891	408
Miscellaneous	519	446
Supplies	13,700	14,052
Communications	383	240
Labour services	<u>100,113</u>	<u>102,377</u>
	<u>117,606</u>	<u>117,523</u>
<b>Income from operations</b>	<u><b>\$ 49,586</b></u>	<u><b>\$ 86,277</b></u>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Bar****(Schedule 4)****Year Ended April 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Revenue</b>	<b>\$ 159,762</b>	<b>\$ 172,626</b>
<b>Cost of sales</b>	<b>45,809</b>	<b>56,677</b>
<b>Gross profit</b>	<b>113,953</b>	<b>115,949</b>
<b>Expenditures</b>		
Entertainment	8,798	8,300
Repairs and maintenance	459	696
Labour services	26,857	31,959
Communications	157	191
Security	594	727
Special events	2,407	2,399
Supplies	878	420
Licenses and fees	220	416
	<b>40,370</b>	<b>45,108</b>
<b>Income from operations</b>	<b>\$ 73,583</b>	<b>\$ 70,841</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Ski School****(Schedule 5)****Year Ended April 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Revenue</b>	<b>\$ 139,223</b>	<b>\$ 198,745</b>
<b>Expenditures</b>		
Labour services	95,904	109,821
Training	3,564	2,848
Supplies	3,942	700
Computer lease	366	366
Miscellaneous	576	1,592
Krunchers Club	5,685	8,476
Communications	507	484
	<b>110,544</b>	<b>124,287</b>
<b>Income from operations</b>	<b>\$ 28,679</b>	<b>\$ 74,458</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Events****(Schedule 6)****Year Ended April 30, 2009**

	2009	2008
<b>Revenue</b>	<b>\$ 223,050</b>	<b>\$ 130,410</b>
Cost of sales	<u>62,006</u>	<u>34,444</u>
<b>Gross profit</b>	<b><u>161,044</u></b>	<b><u>95,966</u></b>
<b>Expenditures</b>		
Labour services	102,711	63,091
Maintenance	1,550	704
Supplies	6,611	3,977
Miscellaneous	3,255	2,125
Interest and bank charges	4,415	5,337
Communications	<u>767</u>	<u>890</u>
	<b><u>119,309</u></b>	<b><u>76,124</u></b>
<b>Income from operations</b>	<b>\$ 41,735</b>	<b>\$ 19,842</b>

**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Marketing****(Schedule 7)****Year Ended April 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Revenue</b>		
Sponsorships	\$ 40,211	\$ 39,726
Advertising	19,950	22,400
	<u>60,161</u>	<u>62,126</u>
<b>Expenditures</b>		
Advertising		
Television	33,129	11,561
Print	6,841	9,285
Radio	35,595	38,631
Internet	2,250	2,567
Website	29,745	17,775
Marketing campaign	1,020	5,307
UK/International marketing	34	-
Labour services	43,522	42,384
Communications	4,050	4,242
Complimentary Marble Villa rooms	8,908	5,335
Membership fees	2,322	2,394
Travel and meetings	60	413
Ski shows and familiarization tours	7,358	5,455
Office and postage	43	108
Supplies	12,692	7,362
	<u>187,569</u>	<u>152,819</u>
<b>Loss from operations</b>	<u>\$ (127,408)</u>	<u>\$ (90,693)</u>



**MARBLE MOUNTAIN DEVELOPMENT CORPORATION****Marble Villa****(Schedule 8)****Year Ended April 30, 2009**

	<b>2009</b>	<b>2008</b>
<b>Revenue</b>	<b>\$ 367,115</b>	<b>\$ 286,465</b>
<b>Expenditures</b>		
Housekeeping	30,058	21,991
Heat and light	33,414	30,600
Repairs and maintenance	43,112	19,239
Labour services	16,883	19,239
Security wages	9,399	6,016
Common area expenses	7,870	7,230
Insurance	6,804	6,804
Communications	5,494	5,206
Cable television	5,631	4,272
Supplies	8,839	4,322
Miscellaneous	1,842	(91)
Marketing	1,500	1,615
Laundry	6,016	10,691
	<b>174,862</b>	<b>137,134</b>
<b>Income from operations</b>	<b>\$ 192,253</b>	<b>\$ 149,331</b>





# **Consolidated Financial Statements with Supplementary Schedules**

**Year Ended March 31, 2009**

## AUDITORS' REPORT

To the Board of Regents of  
**Memorial University of Newfoundland**

We have audited the consolidated statement of financial position of **Memorial University of Newfoundland** (the "University") as at March 31, 2009 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Canada,  
June 4, 2009.

*Ernst & Young LLP*

Chartered Accountants

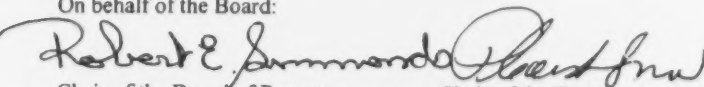
# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at March 31  
(thousands of dollars)

	2009 \$	2008 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	18,633	50,626
Short-term investments	60,799	15,058
Accounts receivable	45,939	41,965
Accrued interest receivable	3,964	2,134
Inventory and prepaid expenses	5,963	6,191
<b>Total current assets</b>	<b>135,298</b>	<b>115,974</b>
Long-term receivable	2,991	3,074
Investments [note 6]	61,783	64,419
Capital assets, net [note 4]	167,611	168,989
	<b>367,683</b>	<b>352,456</b>
<b>LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS</b>		
<b>Current</b>		
Bank indebtedness [note 8]	19,028	5,075
Accounts payable and accrued liabilities	19,322	20,280
Deferred revenue	21,782	19,566
Current portion of employee future benefits [note 11]	12,396	10,371
Current portion of long-term debt [note 7]	826	763
<b>Total current liabilities</b>	<b>73,354</b>	<b>56,055</b>
Long-term debt [note 7]	744	1,036
Derivative liability [note 8]	3,460	-
Employee future benefits [note 11]	82,750	99,564
<b>Total liabilities</b>	<b>160,308</b>	<b>156,655</b>
Deferred contributions [note 5]	200,692	202,323
<b>Net assets</b>		
Net assets restricted for endowment purposes	60,399	60,002
Unrestricted net assets	(53,716)	(66,524)
<b>Net total surplus (deficiency)</b>	<b>6,683</b>	<b>(6,522)</b>
	<b>367,683</b>	<b>352,456</b>

See accompanying notes to consolidated financial statements  
Contingencies [note 10]

On behalf of the Board:

  
Chair of the Board of Regents      Chair of the Finance Committee

## CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31  
(thousands of dollars)

	2009	2008
	\$	\$
<b>REVENUE</b>		
Government grants	315,105	284,792
Student fees	54,788	54,190
Other revenue	36,598	32,039
Amortization of deferred capital contributions	24,477	20,801
Sales and services	16,958	16,361
Investment (loss) income <i>[note 6]</i>	(4,329)	2,899
	<u>443,597</u>	<u>411,082</u>
<b>EXPENSES</b>		
Salaries	242,012	217,802
Employee benefits	42,087	37,765
Materials and supplies	32,207	30,386
Utilities	23,586	22,162
Amortization of capital assets	23,528	20,926
Scholarships, bursaries and awards	21,942	19,813
Repairs and maintenance	19,552	17,434
Travel and hosting	16,282	14,188
Other operating expenses	13,789	16,983
Externally contracted service	12,527	13,367
Professional fees	12,443	12,801
Interest expense	3,815	362
Equipment rentals	2,675	2,249
Employee future benefits	(14,789)	10,393
External cost recoveries	(18,441)	(17,516)
	<u>433,215</u>	<u>419,115</u>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<u>10,382</u>	<u>(8,033)</u>

# **CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**

As at March 31  
(thousands of dollars)

	Restricted for Endowment Purposes \$	Unrestricted \$	2009 \$	2008 \$
Balance, beginning of year	60,002	(66,524)	(6,522)	(2,907)
Excess of (expense over revenue) revenue over expense	(2,426)	12,808	10,382	(8,033)
Endowment contributions	2,823	-	2,823	4,418
Balance, end of year	60,399	(53,716)	6,683	(6,522)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended March 31  
(thousands of dollars)

	2009 \$	2008 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses (expenses over revenue)	10,382	(8,033)
Add (deduct) items not involving cash:		
Amortization of capital assets	23,528	20,926
Net increase (decrease) in deferred contributions related to expenses of future periods	4,299	(796)
(Decrease) increase in long-term portion of employee future benefits	(16,814)	9,727
Increase in current portion of employee future benefits	2,025	470
Amortization of deferred capital contributions	(24,477)	(20,801)
Loss on disposal of capital assets	1,905	208
Increase in derivative liability	3,460	-
Reduction in long-term receivable	83	-
Unrealized loss on investments	8,534	3,605
Change in non-cash working capital	(4,318)	20,799
<b>Cash provided by operating activities</b>	<b>8,607</b>	<b>26,105</b>
<b>INVESTING ACTIVITIES</b>		
Capital assets acquired	(24,055)	(29,843)
Increase in short-term investments	(45,741)	(210)
Increase in investments	(5,898)	(3,622)
<b>Cash used in investing activities</b>	<b>(75,694)</b>	<b>(33,675)</b>
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in bank indebtedness	13,953	(466)
Endowment contributions	2,823	4,418
Addition to deferred capital contributions	18,547	19,387
(Decrease) increase in long-term debt	(229)	345
<b>Cash provided by financing activities</b>	<b>35,094</b>	<b>23,684</b>
<b>Net (decrease) increase in cash and cash equivalents     during the year</b>	<b>(31,993)</b>	<b>16,114</b>
Cash and cash equivalents, beginning of year	50,626	34,512
<b>Cash and cash equivalents, end of year</b>	<b>18,633</b>	<b>50,626</b>



## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009

(tabular amounts in thousands of dollars)

#### **1. AUTHORITY AND PURPOSE**

Memorial University of Newfoundland (the "University") is a corporation operating under the authority of the Memorial University Act. It is a comprehensive research university offering a full range of undergraduate, graduate and continuing studies programs. The academic governance of the University is vested in the Senate. The University is a not-for-profit entity, governed by a Board of Regents, the majority of whom are appointed by the Province of Newfoundland and Labrador. The University is a registered charity under the Income Tax Act (Canada) and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **General**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). The significant accounting principles are summarized as follows:

##### **Use of estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

#### **Consolidated statements**

These financial statements have been prepared on a consolidated basis, reporting the operations and financial position of the University and the following related not-for-profit organizations:

C-CORE  
The Canadian Centre for Fisheries Innovation (CCFI)  
Genesis Group Inc.  
The Memorial University of Newfoundland Botanical Garden Incorporated  
Memorial University Recreation Complex (MURC)  
Western Sports and Entertainment Inc.  
Campus Childcare Inc.  
Newfoundland Quarterly Foundation  
Edutech Services Inc.

Effective April 1, 2008 all assets and liabilities of the Canadian Center for Marine Communications (CCMC) were transferred to the Marine Institute School of Ocean Technology of the University.

#### **Cash equivalents**

Cash equivalents consist primarily of cash, treasury bills and bankers' acceptances. Investments with original maturities of three months or less are classified as cash equivalents.

#### **Revenue recognition**

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are recognized. Contributions of capital assets are recorded at fair market value at the date of the contribution and deferred and amortized to operations on the same basis as the related asset. Endowment contributions are recognized as direct increases in the net assets in the year in which they are received. Revenues from contracts, sales and student fees are recognized when the goods or services are provided and collection is reasonably assured.

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

#### **Contributed services**

Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The costs that would otherwise be associated with these contributed services are not recognized in these consolidated financial statements.

#### **Capital assets**

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenditures are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

The University's permanent art collection is expensed as incurred and the value of donated art is not recognized in these consolidated financial statements.

Capital assets are amortized using the following rates. One-half year's amortization is taken in the year of acquisition and no amortization in the year of disposal.

Buildings	8% declining balance
Furniture and equipment	20% declining balance
Computers	30% declining balance
Banner finance	20% declining balance
Vehicles	30% declining balance
Library collection	10 years straight-line

#### **Employee future benefits**

##### **Pension costs and obligations**

The employees of the University participate in a defined benefit pension plan administered under the Memorial University Pensions Act with any deficiencies being funded by the Province of Newfoundland and Labrador. Payments to the pension plan consist of contributions from employees and contributions from the University as prescribed in the Pension Benefits Act (1997) (PBA). In addition, where the plan experiences a solvency deficiency, the employer is required to contribute an amount sufficient to liquidate the deficiency within five years of the solvency valuation date. The University's contributions to the Pension Plan are recorded as an expenditure in the consolidated statement of operations.

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009

(tabular amounts in thousands of dollars)

The most recent actuarial valuation prepared by Eckler Partners Ltd. disclosed a solvency deficiency of \$237.3 million and a going concern deficiency of \$271.0 million at March 31, 2009. Under the PBA, a going concern deficiency must be funded over a period of not more than 15 years while a solvency deficiency is to be funded over a maximum five year period.

The going concern deficiency of \$271.0 million includes \$68.0 million in respect of past service costs related to the introduction of indexing in 2004. This indexing liability is being financed under a special PBA provision through both employee and employer contributions over a remaining period of 35.25 years. In accordance with the PBA, the balance of the going concern, namely \$203.0 million, must be liquidated over a period of not more than 15 years. The first annual payment in respect of this balance is \$16.2 million and is required to be made during the 2009/10 fiscal year.

At present, the University has an exemption under the PBA from making payments relating to the solvency deficiency. This exemption expires December 31, 2010.

#### **Other post-employment benefits**

The University accrues its obligations for employee benefit plans. The employee future benefits earned by employees are actuarially determined using the projected benefit method pro-rated on service and administration's best estimate of salary escalation, retirement ages of employees and escalation in covered benefit expense outlays.

The University recognizes the cost of the Supplemental Retirement Income Plan (SRIP), the Voluntary Early Retirement Income Plan (VERIP) and the cost of future employee benefits which include severance, accrued vacation, group life insurance and health care benefits. Additional disclosure related to these plans is provided in note 11.

#### **Agency obligations**

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities and subsequent distributions are recorded as decreases to these liabilities.

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

#### **Derivative financial instruments**

Derivative financial instruments are utilized by the University in the management of interest rate exposure related to its bank indebtedness. The University does not utilize derivative financial instruments for trading or speculative purposes.

The University enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its floating rate bank indebtedness. The fair value of these derivatives is recorded on the consolidated statement of financial position and any "mark-to-market" adjustment is recorded in interest expense. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based.

Derivative financial instruments are classified as held for trading and carried at fair value with the change in fair value being recorded in interest expense.

#### **Financial instruments**

The University has chosen to continue to apply the Canadian Institute of Chartered Accountants (CICA) Section 3861, *Financial Instruments - Disclosure and Presentation*, in place of CICA Section 3862, *Financial Instruments - Disclosures*, and CICA Section 3863, *Financial Instruments - Presentation*. The disclosures required by Section 3861 are provided in note 12.

### **3. CHANGES IN ACCOUNTING POLICY**

#### **Impact of adopting new accounting policies**

##### **Inventories**

Effective April 1, 2008, the University adopted the recommendations of CICA Section 3031, *Inventories*. These recommendations provide guidance on the measurement and disclosure requirements for inventories. The adoption of these new recommendations had no impact on the University's consolidated financial statements.

The amount of inventories recognized as expense during the year was \$12.9 million (2008 - \$11.7 million).

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

#### **Capital disclosures**

Effective April 1, 2008, the University adopted the recommendations of CICA Section 1535, *Capital Disclosures*, which require the disclosure of qualitative and quantitative information that enables users of the consolidated financial statements to evaluate the University's objectives, policies and processes for managing capital. The additional disclosures related to the adoption of these recommendations are provided in note 13.

#### **General standards of financial statement presentation**

The amendments to Section 1400, *General Standards of Financial Statement Presentation*, provides revised guidance on management's responsibility to assess and disclose the University's ability to continue as a going concern. There was no significant impact on these consolidated financial statements as a result of revisions to Section 1400.

#### **Financial statement presentation**

Effective April 1, 2008, the University adopted retroactively the changes to the recommendations in CICA Section 4400 *Financial Statement Presentation for Non-For-Profit Organizations*, which eliminate the requirement to separately disclose the amount of net assets in capital assets. The University therefore eliminated from the consolidated financial statements details regarding the amount of net assets invested in capital assets and the calculation of this amount. As a result, the University reclassified the prior year consolidated financial statements to include the amount of net assets invested in capital assets as at April 1, 2007 of (\$1.4 million) and as at April 1, 2008 of \$8.6 million in unrestricted net assets.

#### **Impact of adopting future accounting policies**

Recent accounting pronouncements that have been issued but are not yet effective and have a potential implication for the University, are as follows:

#### **Financial statement presentation**

The CICA has issued revisions to the Section 4400 series and certain other sections to amend or improve certain parts of the CICA Handbook that relate to not-for-profit organizations. With respect to presentation, these changes include requiring CICA Section 1540, *Cash Flow Statements*, to be applicable for not-for-profit organizations, and requiring the reporting of revenues and expenses on a gross basis in the consolidated statement of operations when a not-for-profit organization is acting as a principal in a transaction. A new section, CICA Section 4470, *Disclosure of Allocated Expenses by Not-for-Profit Organizations*, was included in the

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009

(tabular amounts in thousands of dollars)

revisions which require certain disclosures when fundraising and general support expenses are allocated to other functions. These changes in accounting policies are effective for the University's reporting period beginning April 1, 2009. No significant impact is expected upon the implementation of these amended standards.

#### **Financial statement concepts**

Section 1000, *Financial Statement Concepts* has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasize the matching principle. The amendments are effective for the University's reporting period beginning April 1, 2009. The University is currently evaluating the impact of the adoption of this change on the disclosure within its consolidated financial statements. No significant impact is expected upon the implementation of these amendments.

#### **Goodwill and intangible assets**

The CICA issued a new accounting standard, CICA Section 3064, *Goodwill and Intangible Assets* replacing CICA Section 3062, *Goodwill and Other Intangible Assets* and CICA Section 3450, *Research and Development Costs*. CICA Section 3064 establishes standards for the recognition, measurement and disclosure of development costs. Management is currently assessing the impact of adopting this section for the University's reporting period beginning April 1, 2009.

**Memorial University of Newfoundland**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

**4. CAPITAL ASSETS**

	2009		2008	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Buildings	220,294	121,570	98,724	91,728
Furniture and equipment	75,957	45,926	30,031	37,821
Computers	22,407	15,274	7,133	7,100
Banner finance	1,722	1,315	407	508
Vehicles	3,101	2,015	1,086	1,301
Library collection	124,626	94,396	30,230	30,531
	<u>448,107</u>	<u>280,496</u>	<u>167,611</u>	<u>168,989</u>

Capital assets include certain assets under capital lease with a net book value of \$2.4 million (2008 - \$2.9 million).

**5. DEFERRED CONTRIBUTIONS**

**Expenses of future periods**

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and programs.

	2009	2008
	\$	\$
Balance, beginning of year	49,038	49,834
Grants and donations received during the year	48,444	45,229
Expenses incurred during the year	(44,145)	(46,025)
	<u>53,337</u>	<u>49,038</u>



**Memorial University of Newfoundland**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

**Capital assets**

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations.

	2009 \$	2008 \$
Balance, beginning of year	153,285	154,699
Additional contributions received	18,547	19,387
Less amounts amortized to revenue	(24,477)	(20,801)
	<u>147,355</u>	<u>153,285</u>

**Total deferred contributions**

	2009 \$	2008 \$
Expenses of future periods	53,337	49,038
Capital assets	147,355	153,285
	<u>200,692</u>	<u>202,323</u>

**Memorial University of Newfoundland**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

**6. INVESTMENTS**

	2009 \$		2008 \$	
	Cost	Fair Value	Cost	Fair Value
Fixed income	39,720	40,521	32,496	33,264
Equities	27,255	21,262	28,577	31,155
	<u>66,975</u>	<u>61,783</u>	<u>61,073</u>	<u>64,419</u>

	2009 \$	2008 \$
Investment income	5,129	7,613
Unrealized loss on investments	(8,534)	(3,605)
Related expenses	(924)	(1,109)
	<u>(4,329)</u>	<u>2,899</u>

**7. LONG-TERM DEBT**

	2009 \$	2008 \$
RBC Royal Bank, fixed term demand loan, related to Harlow campus, 5.19% interest, repayable in 9 equal annual, blended payments of \$121, maturing in April 2012, unsecured	428	524
CMHC mortgage on Queen's College, 5.875% interest, repayable in 50 equal, blended payments of \$29 semi-annually, maturing in June 2019, secured	419	451
Capital leases negotiated through the RBC Royal Bank, interest rates vary, payable in equal annual instalments, secured by assets under lease	723	824
	<u>1,570</u>	<u>1,799</u>
Less current portion	826	763
	<u>744</u>	<u>1,036</u>

## Memorial University of Newfoundland

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

(tabular amounts in thousands of dollars)

Annual repayments of long-term debt over the next five years are as follows:

	\$
2010	826
2011	387
2012	44
2013	43
2014	43

#### 8. BANK INDEBTEDNESS

Pursuant to Section 41 of the Memorial University Act, the University has received approval from the Lieutenant-Governor in Council to borrow to finance two capital projects. The projects involved the construction of a new residence complex for Sir Wilfred Grenfell College (Project 1) and the implementation of an energy performance program in five buildings on the University's main campus in St. John's (Project 2). Currently the debt has been negotiated using bankers' acceptances (BA's) which mature during the 2009/10 fiscal year. Management expects to refinance these loans through BA's for the balance of the term of the loan. Disclosure related to interest rate risk is provided in note 12.

##### Derivative liability

Project 1 interest rate swap transaction involves the exchange of the underlying Canadian BA rate for a fixed interest rate of 4.76% and expired on April 2, 2009. The notional amount of this swap transaction is \$3.2 million and the fair value is a liability of \$0.5 million.

Project 2 interest rate swap transaction involves the exchange of the underlying Canadian BA rate for a fixed interest rate of 5.12% and expired April 1, 2009. The notional amount of this swap transaction is \$14.6 million and the fair value is a liability of \$2.9 million.

#### 9. MEMORIAL UNIVERSITY ACT

In accordance with the Memorial University Act, the University is normally prohibited from recording a deficit on their consolidated financial statements. During 1996, pursuant to Section 36 of the Memorial University Act, the University received approval from the Lieutenant-Governor in Council to record a deficit of up to \$5.0 million in 1996 and an additional \$10.0 million in 1997 as a result of the recognition of the liabilities related to VERIP for faculty and staff. During 2001, the University received approval from the Lieutenant-Governor in Council to exclude from the

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

definition of a deficit, pursuant to Section 36 of the Memorial University Act, any amounts resulting from the recognition of the liabilities related to recording vacation pay entitlements, severance and any other post-employment benefits.

#### **10. CONTINGENCIES**

##### **(a) Reciprocal exchange of insurance risks**

The University, in association with 58 Canadian universities, participates in a reciprocal exchange (CURIE) of insurance risks. The self-insurance cooperative involves a contractual agreement to share the insurance property and liability risks of member universities for a term of not less than five years.

The projected cost of claims will be funded through members' premiums based on actuarial projections. As at December 31, 2008, CURIE has a surplus of \$4.2 million, of which the University's pro-rata share is approximately 3% on an ongoing basis. In addition, the reciprocal has obtained \$995.0 million on re-insurance with commercial insurers to cover major property claims in excess of \$5.0 million per occurrence.

In respect of general liability, the limit is \$5.0 million per occurrence. Re-insurance for liability coverage in the amount of \$25.0 million in excess of a \$5.0 million per occurrence retention is in place.

In respect of errors and omissions liability policy, the limit is \$5.0 million per occurrence. Re-insurance for errors and omissions was purchased through a combined excess program with general liability in the amount of \$25.0 million.

As the originating insurers, CURIE has a contingent liability in the event that a re-insurer is unable to meet its obligations. In this respect, all re-insurance is placed with insurers registered in Canada and subject to supervision by the Office of the Superintendent of Financial Institutions Canada.

In the event that premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation.

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

#### **(b) Class action lawsuit**

In 2007, a class action lawsuit was filed on behalf of all former employees of the University who retired or terminated employment on or before December 31, 1992 and were entitled to receive post-retirement life, health and dental group insurance benefits. The lawsuit alleges that this group of retirees were entitled to receive these insurance benefits for life, at no cost to the group of retirees. Presently, a decision is pending from the court as to whether this matter should be certified as a class action suit. The University continues to defend its position and the potential exposure to this claim is indeterminable at the present time.

#### **11. EMPLOYEE FUTURE BENEFITS**

The University has a number of defined benefit and defined contribution plans providing group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses. In addition, the University pays a severance payment, to certain employee groups, upon termination, retirement or death, provided they meet certain eligibility criteria.

In May 1996, the Board of Regents approved a SRIP to provide benefits to employees of the University whose salaries exceed the Canada Revenue Agency maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefit payable from the Plan.

In February and May 1996, the University offered faculty and staff, who reached the age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the VERIP.

Subject to eligibility criteria, the Plan provided an incentive of enhanced pension benefits of up to five years pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment. The early retirement incentive is being funded from operations.

The significant actuarial assumptions used in measuring the University's accrued benefit obligation under each plan are as follows:

**Memorial University of Newfoundland**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

**Employee future benefits**

Include a discount rate of 7.5% (2008 5.6%) and an average rate of compensation increase of 4.5% (2008 - 4.5%).

**Supplemental retirement income plan (SRIP)**

Include a discount rate of 7.5% (2008 5.6%) and an average compensation increase of 4.5% (2008 - 4.5%).

**Voluntary early retirement income plan (VERIP)**

Include a discount rate of 7.5% (2008 5.6%).

	<b>SRIP</b>		<b>VERIP</b>		<b>Other benefits</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Accrued benefit obligation</b>						
Balance, beginning of year	5,450	3,698	6,550	5,455	88,210	81,351
Current service cost	229	122	—	—	3,300	3,393
Interest cost	305	259	367	437	5,331	4,257
Benefits paid	(241)	(238)	(580)	(595)	(4,421)	(2,829)
Actuarial loss (gain)	(200)	1,609	(871)	1,253	(19,933)	2,038
	<b>5,543</b>	<b>5,450</b>	<b>5,466</b>	<b>6,550</b>	<b>72,487</b>	<b>88,210</b>
<b>Current plan expense</b>						
Current service expense	229	122	—	—	3,300	3,393
Interest cost	305	259	367	437	5,331	4,257
Actuarial (gain) loss	(200)	1,609	(871)	1,253	(19,933)	2,038
	<b>334</b>	<b>1,990</b>	<b>(504)</b>	<b>1,690</b>	<b>(11,302)</b>	<b>9,688</b>

## Memorial University of Newfoundland

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009  
(tabular amounts in thousands of dollars)

A summary of these accrued benefit obligations are as follows:

	2009 \$	2008 \$
Employee future benefits	72,487	88,210
Supplemental retirement income plan	5,543	5,450
Voluntary early retirement income plan	5,466	6,550
Accrued vacation	11,650	9,725
	<u>95,146</u>	<u>109,935</u>
Less current portion	12,396	10,371
Long-term employee future benefits	<u>82,750</u>	<u>99,564</u>

#### 12. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the University's designation of such instruments. The standards require that all financial assets be classified either as held-for-trading (HFT), available-for-sale (AFS), held-to-maturity (HTM), or loans and receivables and all financial liabilities to be classified as either HFT or other liabilities (OL). Subsequent to initial recognition, the standards require that all financial assets and financial liabilities be measured at fair value with the exception of loans and receivables, securities classified as HTM, liabilities classified as OL, and AFS financial assets that do not have quoted market prices in an active market. These are measured at amortized cost using the effective interest method (EIM).

## Memorial University of Newfoundland

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

(tabular amounts in thousands of dollars)

#### Classification of financial instruments

The University has designated its financial instruments as shown in the following table. The financial instruments are measured as follows based on their classification.

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Investments	Held-for-trading	Fair value
Accrued interest receivable	Loans and receivables	Amortized cost using EIM
Accounts receivable	Loans and receivables	Amortized cost using EIM
Long-term receivable	Loans and receivables	Amortized cost using EIM
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost using EIM
Bank indebtedness	Other financial liabilities	Amortized cost using EIM
Long-term debt	Other financial liabilities	Amortized cost using EIM
Derivative liability	Held-for-trading	Fair value

#### Held-for-trading

HFT financial assets and liabilities are financial assets typically acquired for resale prior to maturity. They are measured at fair value at the consolidated statement of financial position date. Interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses from market fluctuations are included in the consolidated statement of operations.

#### Loans and receivables

Loans and receivables are accounted for at amortized cost using EIM.

#### Other financial liabilities

Other liabilities are recorded at amortized cost and include all liabilities and long-term debt.

#### Embedded derivatives

There are no embedded derivatives in the consolidated financial statements of the University.



## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

#### **Credit risk**

The University is exposed to credit risk with respect to accounts receivable from students and clients. Services are provided to a large number of students and entities which minimizes the concentration of credit risk. The University routinely monitors the receivable balances and establishes an appropriate allowance for doubtful accounts based upon factors surrounding credit risk, historical trends, and other information.

#### **Interest rate risk**

The University's exposure to interest rate risk relates to its floating interest rate bank indebtedness which utilizes BA's. The University has managed this floating interest rate risk by entering into interest rate swap agreements with the RBC Royal Bank to offset the movement in the BA rates. Any change in BA rates will be offset by a corresponding change in the interest rate swap. The fair value of these interest rate swap agreements are recorded on the consolidated statement of financial position and the change in value is reflected in interest expense on the consolidated statement of operations.

#### **Liquidity risk**

The University is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. This risk is managed by maintaining adequate cash and cash equivalents. The University believes that cash and cash equivalents on hand, future cash flows from government grants and student fees will be adequate to meet its financial obligations. There will also be savings associated with the energy performance contract which is expected to be sufficient to repay the floating term facility.

#### **Market risk**

The University is exposed to market risk on its investments due to future fluctuations in market prices. This risk is managed by a Statement of Investment Policy and Objectives approved by the Board of Regents which includes investment policy provisions for an acceptable asset mix structure and quality constraints on fixed income instruments.

## **Memorial University of Newfoundland**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009  
(tabular amounts in thousands of dollars)

#### **13. CAPITAL DISCLOSURES**

The University considers its capital to be its net assets. Its restricted net assets consist of amounts restricted for endowment purposes. The University's objectives when managing its capital are to safeguard its ability to continue as a going concern in order to provide services to its students and research funding agencies. Annual budgets are developed and monitored to ensure the University's capital is maintained at an appropriate level. The University has no external restrictions imposed on its capital, excluding its endowments.

#### **14. COMPARATIVE FIGURES**

Certain of the 2008 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2009.

**AUDITORS' REPORT TO THE BOARD OF REGENTS  
MEMORIAL UNIVERSITY OF NEWFOUNDLAND  
ON SUPPLEMENTARY INFORMATION**

To the Board of Regents of  
**Memorial University of Newfoundland**

We have audited and reported separately herein on the consolidated financial statements of **Memorial University of Newfoundland** (the "University") as at and for the year ended March 31, 2009.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of the University taken as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subject to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as whole.

St. John's, Canada,  
June 4, 2009.

*Ernst & Young LLP*

Chartered Accountants

## CONSOLIDATED SCHEDULE OF FINANCIAL POSITION

As at March 31, 2009 (with comparative figures for 2008)  
(thousands of dollars)

	OPERATING		ANCILLARY ENTERPRISES		PLANT		SPONSORED RESEARCH		SPECIAL PURPOSE AND TRUST		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Current assets:</b>												
Cash and cash equivalents	-46,817	1,085	2,305	5,459	2,923	-9,747	32,087	27,898	27,335	27,931	18,633	50,626
Short-term investments	60,799	15,058	-	-	-	-	-	-	-	-	60,799	15,058
Accounts receivable	26,952	16,823	431	462	329	1,087	19,901	17,706	4,326	5,887	45,939	41,965
Accrued interest receivable	1,500	340	-	-	-	-	-	-	2,464	1,785	3,964	2,134
Inventory and prepaid expenses	3,901	4,437	1,950	1,646	-	-	55	67	57	39	5,963	6,191
Interfund accounts	805	583	-805	-583	-	-	-	-	-	-	-	-
	41,940	38,337	3,881	4,984	3,252	8,660	52,043	45,671	34,182	35,642	135,298	115,974
Long-term receivable	-	-	-	-	2,991	3,074	-	-	-	-	2,991	3,074
Investments (note 6)	-	-	-	-	-	-	-	633	61,783	63,786	61,783	64,419
Capital assets, net (note 4)	-	-	2,040	427	164,266	166,251	1,178	2,198	127	113	167,611	168,989
<b>Total assets</b>	41,940	38,337	5,921	5,411	170,509	180,665	53,221	48,502	96,092	99,541	367,683	352,456
<b>Current liabilities:</b>												
Bank indebtedness (note 8)	-	-	-	-	19,028	5,075	-	-	-	-	19,028	5,075
Accounts payable and accrued liabilities	12,321	13,007	231	373	2,240	1,747	3,831	4,421	699	722	19,322	20,280
Deferred revenue	1,949	4,033	363	249	4,789	3,243	14,734	11,962	27	59	21,782	19,566
Current portion of employee future benefits (note 11)	12,396	18,371	-	-	-	-	-	-	-	-	12,396	18,371
Current portion of long-term debt (note 7)	-	-	-	-	826	763	-	-	-	-	826	763
	26,666	27,431	594	622	26,803	19,828	18,565	16,391	726	781	73,354	56,055
Long-term debt (note 7)	-	-	-	-	744	1,036	-	-	-	-	744	1,036
Derivative liability (note 8)	-	-	-	-	3,460	-	-	-	-	-	3,460	-
Employee future benefits (note 11)	81,492	97,958	318	401	-	-	795	947	145	258	82,750	99,564
	81,492	97,958	318	401	4,204	1,036	795	947	145	258	86,954	100,600
Deferred contributions (note 5)	-	-	-	-	146,001	150,984	34,288	30,992	20,403	20,347	200,692	202,323
<b>Net assets:</b>												
Net assets restricted for endowment purposes	-	-	-	-	-	-	-	-	60,399	60,002	60,399	60,002
Unrestricted net assets	-66,218	-87,052	5,009	4,388	-6,499	-2,183	-427	170	14,419	18,153	-53,716	-66,524
	-66,218	-87,052	5,009	4,388	-6,499	-2,183	-427	170	74,818	78,155	6,683	-6,522
<b>Total liabilities, deferred contributions and net assets</b>	41,940	38,337	5,921	5,411	170,509	180,665	53,221	48,502	96,092	99,541	367,683	352,456

See accompanying notes to consolidated financial statements.

## MEMORIAL UNIVERSITY OF NEWFOUNDLAND

## SCHEDULE 1

## CONSOLIDATED SCHEDULE OF FINANCIAL POSITION

As at March 31, 2009 (with comparative figures for 2008)

(thousands of dollars)

	OPERATING		ANCILLARY ENTERPRISES		PLANT		SPONSORED RESEARCH		SPECIAL PURPOSE AND TRUST		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Current assets:</b>												
Cash and cash equivalents	-46,017	1,085	2,305	3,459	2,923	-9,747	32,087	27,898	27,335	27,931	18,633	50,626
Short-term investments	60,799	15,058	-	-	-	-	-	-	-	-	60,799	15,058
Accounts receivable	20,952	16,823	431	462	329	1,087	19,901	17,706	4,326	5,887	45,939	41,965
Accrued interest receivable	1,500	349	-	-	-	-	-	-	2,464	1,785	3,964	2,114
Inventory and prepaid expenses	3,901	4,439	1,950	1,646	-	-	55	67	57	39	5,963	6,191
Interfund accounts	805	583	-805	-583	-	-	-	-	-	-	-	-
	41,940	38,337	3,881	4,984	3,252	-8,660	52,043	45,671	34,182	35,642	135,298	115,974
Long-term receivable	-	-	-	-	2,991	3,074	-	-	-	-	2,991	3,074
Investments (note 6)	-	-	-	-	-	-	-	633	61,783	63,786	61,783	64,419
Capital assets, net (note 4)	-	-	2,040	427	164,266	166,251	1,178	2,198	127	113	167,611	168,989
<b>Total assets</b>	<b>41,940</b>	<b>38,337</b>	<b>5,921</b>	<b>5,411</b>	<b>170,509</b>	<b>160,665</b>	<b>53,221</b>	<b>48,502</b>	<b>96,092</b>	<b>99,541</b>	<b>367,683</b>	<b>352,456</b>
<b>Current liabilities:</b>												
Bank indebtedness (note 8)	-	-	-	-	19,028	5,075	-	-	-	-	19,028	5,075
Accounts payable and accrued liabilities	12,321	13,007	231	373	2,240	1,747	3,831	4,431	699	722	19,322	20,280
Deferred revenue	1,949	4,053	363	249	4,709	3,243	14,734	11,962	27	59	21,782	19,566
Current portion of employee future benefits (note 11)	12,396	10,371	-	-	-	-	-	-	-	-	12,396	10,371
Current portion of long-term-debt (note 7)	-	-	-	-	826	763	-	-	-	-	826	763
	26,666	27,431	594	622	26,803	10,828	18,565	16,393	726	781	73,354	56,055
Long-term debt (note 7)	-	-	-	-	744	1,036	-	-	-	-	744	1,036
Derivative liability (note 8)	-	-	-	-	3,460	-	-	-	-	-	3,460	-
Employee future benefits (note 11)	81,492	97,958	318	401	-	-	795	947	145	258	82,750	99,564
	81,492	97,958	318	401	4,204	1,036	795	947	145	258	86,954	100,600
Deferred contributions (note 5)	-	-	-	-	146,001	150,984	34,288	30,992	20,403	20,347	200,692	202,323
<b>Net assets:</b>												
Net assets restricted for endowment purposes	-	-	-	-	-	-	-	-	60,399	60,002	60,399	60,002
Unrestricted net assets	-66,218	-87,052	5,009	4,388	-6,499	-2,183	-427	170	14,419	18,153	-53,716	-66,524
	-66,218	-87,052	5,009	4,388	-6,499	-2,183	-427	170	74,818	78,155	6,683	-6,522
<b>Total liabilities, deferred contributions and net assets</b>	<b>41,940</b>	<b>38,337</b>	<b>5,921</b>	<b>5,411</b>	<b>170,509</b>	<b>160,665</b>	<b>53,221</b>	<b>48,502</b>	<b>96,092</b>	<b>99,541</b>	<b>367,683</b>	<b>352,456</b>

See accompanying notes to consolidated financial statements.

*Unaudited Supplementary Information*

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**

*March 31, 2009*

## SCHEDULE OF OPERATING REVENUE

Year ended March 31  
(thousands of dollars)  
(unaudited)

	2009 \$	2008 \$
<b>GOVERNMENT GRANTS</b>		
Province of Newfoundland and Labrador		
Department of Education	221,188	195,606
Department of Health	35,607	29,671
Other	316	307
Government of Canada		
Indirect cost of research	4,393	4,365
	<u>261,504</u>	<u>229,949</u>
<b>STUDENT FEES</b>		
Semester tuition		
Undergraduates	35,697	36,533
Graduates	4,248	4,004
Non-credit courses		
Continuing studies	898	782
Sir Wilfred Grenfell College	287	170
Marine Institute	9,930	9,191
Other fees	3,571	3,353
	<u>54,631</u>	<u>54,033</u>
<b>OTHER REVENUE</b>		
Rental	679	461
Miscellaneous	11,604	13,408
Medical Practice Associates	269	864
	<u>12,552</u>	<u>14,733</u>
<b>INVESTMENT INCOME</b>		
	<u>3,422</u>	<u>3,582</u>
	<u>3,422</u>	<u>3,582</u>
	<u>332,109</u>	<u>302,297</u>

# **SCHEDULE OF GROSS OPERATING EXPENDITURES BY FUNCTION**

Year ended March 31  
(thousands of dollars)  
(unaudited)

	2009	2008
	\$	\$
<b>ACADEMIC</b>		
Faculty of Arts	28,577	26,329
Faculty of Business Administration	9,587	8,833
Faculty of Education	9,484	8,758
Faculty of Engineering and Applied Science	9,339	8,417
Faculty of Medicine	38,277	31,765
Faculty of Science	37,013	34,636
School of Life Long Learning	1,189	1,001
School of Graduate Studies	7,808	6,632
School of Music	2,752	2,567
School of Nursing	5,115	4,467
School of Pharmacy	2,198	2,687
School of Human Kinetics	3,751	3,358
School of Social Work	2,692	2,306
Sir Wilfred Grenfell College	20,126	18,060
Labrador Institute of Northern Studies	582	403
Distance Education and Learning Technologies	5,804	4,792
Animal Care Unit	1,496	1,281
Fisheries and Marine Institute	33,953	32,390
Technical Services	3,488	3,394
Oil and Gas Development Partnership	150	292
Harris Centre	405	414
CREAIT	1,286	846
Co-op Education	2,042	1,919
	<u>227,114</u>	<u>205,547</u>
<b>SUPPORT SERVICES</b>		
Administrative departments	30,043	24,682
Computing and Communications	11,344	11,048
Library	16,209	15,273
Student Services	9,301	8,827
Facilities Management	26,568	26,412
	<u>93,465</u>	<u>86,242</u>
	<u><u>320,579</u></u>	<u><u>291,789</u></u>



## SCHEDULE OF GROSS OPERATING EXPENDITURES BY OBJECT

Year ended March 31  
(thousands of dollars)  
(unaudited)

	Academic		Library		Student Services		Facilities Management		Computing and Communications		Administration		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Academic salaries	104,587	94,791	2,466	2,329	1,078	907	—	—	—	—	695	548	108,826	98,575
Other instruction and research salaries	2,079	2,090	227	218	983	956	21	9	145	142	137	134	3,512	3,549
Other salaries and wages	53,131	46,234	4,269	4,060	3,748	3,038	12,326	10,906	4,811	4,356	16,693	13,974	94,978	82,568
Employee benefits	27,677	24,850	1,345	1,242	833	700	3,081	2,734	911	846	3,522	3,142	37,369	33,514
	187,474	167,965	8,307	7,849	6,562	5,601	15,428	13,649	5,867	5,344	21,047	17,798	244,685	218,206
Travel and hosting	6,287	5,336	116	83	356	564	189	164	97	85	1,228	1,120	8,470	7,352
Materials and supplies	11,718	12,903	58	170	987	1,165	1,197	1,513	1,364	2,365	1,290	1,572	16,614	19,688
Renovations	3,450	3,088	382	29	284	644	2,206	2,203	2,259	584	1,591	232	10,172	6,780
Scholarships and bursaries	7,780	6,812	—	—	597	566	—	8	—	—	359	192	8,736	7,578
Utilities	3,474	3,397	31	26	37	51	16,417	15,360	347	63	143	173	20,449	19,070
Rental	841	839	93	97	20	17	87	51	569	551	111	74	1,721	1,629
Externally contracted service	2,795	2,928	90	298	114	121	1,591	2,745	1,648	2,635	831	678	7,069	9,405
Professional fees	3,002	2,693	11	24	127	31	293	306	-138	57	2,61	2,057	5,912	5,168
Other:														
Institutional memberships	389	270	49	48	34	20	8	4	16	10	358	290	854	642
Property tax	143	102	—	—	—	—	610	1,387	—	—	—	—	753	1,489
Insurance	223	231	—	—	—	—	34	36	4	2	868	854	1,129	1,153
Debt repayments	181	127	—	—	26	36	33	1	14	17	12	12	266	193
Space rental	733	561	—	—	10	8	—	—	—	—	79	32	822	601
Reference books	2,219	1,877	7,165	6,751	8	6	12	10	—	—	34	37	9,438	8,681
External cost recoveries	-3,595	-3,582	-93	-102	-61	-3	-11,537	-11,025	-703	-665	-522	-469	-16,511	-15,846
	39,640	37,582	7,902	7,424	2,739	3,226	11,140	12,763	5,477	5,704	8,996	6,884	75,894	73,583
	227,114	205,547	16,209	15,273	9,301	8,827	26,568	26,412	11,344	11,048	30,043	24,682	320,579	291,789

**SCHEDULE D**  
**(unaudited)**

**COMPENSATION PRACTICES AT  
MEMORIAL UNIVERSITY OF NEWFOUNDLAND**

Compensation at Memorial University is determined by the duties and responsibilities of respective positions.

At the executive level, the Board of Regents, on the recommendation of its Executive Compensation Committee, determines the salary levels for the University's president and vice-presidents.

Compensation for deans, academic directors and academic department heads includes a salary on a faculty member's scale, based on experience, rank and highest degree, in accordance with a collective agreement negotiated with the Memorial University of Newfoundland Faculty Association (MUNFA). In addition, there is an administrative stipend, set by the Board of Regents, the level of which is dependent on the size and complexity of the faculty, school or department.

Compensation for administrative directors and managers is set by the Board of Regents. A review of compensation in these positions was conducted by an external consultant in 2007-08. A new salary structure for Senior Administrative Management was approved by the Board and implemented April 1, 2008.

For faculty and staff, compensation is determined through collective bargaining between the University and the various unions representing each employee group; MUNFA, the Canadian Union of Public Employees (CUPE), and the Newfoundland Association of Public Employees (NAPE). Periodic reviews of staff positions, including compensation levels, have been conducted with the assistance of external consultants since 1994.

Per-course lecturers are represented by Lecturer's Union of Memorial University (LUMUN).

The attached tabular information and explanatory notes provide an overview of salary ranges for academic, administrative and executive positions at Memorial University.

**SCHEDULE D**  
**(unaudited)**

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**  
**EXECUTIVE SALARY RANGES**  
**MARCH 31, 2009**

	<b>Salary Range (\$)</b>
President and Vice-Chancellor	243,838 - 304,798
Vice-Presidents:	
Academic and Pro Vice-Chancellor	185,726 - 232,158
Administration & Finance	165,080 - 206,350
Research	165,080 - 206,350
Executive Director (Marine Institute)	141,498 - 176,872
Dean-Student Affairs & Services	159,562 - 199,453
Principal - Sir Wilfred Grenfell College (SWGC)	141,498 - 176,872

**SCHEDULE D**  
**(unaudited)**

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**  
**ACADEMIC SALARY RANGES (note 1)**  
**MARCH 31, 2009**

	<b>Salary Range (\$)</b>	<b>Actual Minimum &amp; Maximum Salaries</b>	<b>Number of Employees</b>
Academic Executive:	note (2)		15
Deans of Faculties/Schools			7
Directors of Schools			5
University Librarian			1
Associate Vice-President			2
Academic Management:	note (3)		77
Vice Dean (Medicine)			1
Vice-Principal (SWGC)			1
Associate Vice Principal Research (SWGC)			1
Associate Deans			14
Assistant Deans			5
Department Heads			38
Directors			5
Associate Directors			8
Associate University Librarians			4
Academic Staff:	28,202 - 136,378	33,370 - 187,427	1214
Professors	86,687 - 136,378	86,687 - 187,427	257
Associate Professors	73,255 - 110,193	73,255 - 148,810	287
Assistant Professors	63,181 - 78,292	53,107 - 106,835	294
Lecturers (note 4)	51,248 - 59,823	51,428 - 78,292	92
Co-op Education Coordinators	49,749 - 86,687	59,823 - 83,329	16
Librarians	44,712 - 120,267	46,391 - 108,514	37
Instructors - Marine Institute	28,202 - 106,090	33,370 - 100,385	231

- Note 1: Some individuals are in receipt of market differentials which may result in salaries that exceed the maximum levels in their approved salary ranges.
- Note 2: Academic Deans and Directors receive a salary depending upon professorial rank plus an administrative stipend in the range of \$6,000 to \$25,000 per year depending on the size and complexity of their academic units, and whether they are serving a first or a second term.
- Note 3: Academic Departments Heads receive a salary based upon their professorial rank plus an administrative stipend in the range of \$3,000 to \$10,000 depending on the size of their academic unit.
- Note 4: Lecturers include 31 Visiting Professors paid on the lecturer scale.

**SCHEDULE D**  
**(unaudited)**

**MEMORIAL UNIVERSITY OF NEWFOUNDLAND**  
**ADMINISTRATIVE SALARY RANGES (note 1)**  
**MARCH 31, 2009**

	<b>Salary Range (\$)</b>	<b>Actual Minimum &amp; Maximum Salaries</b>	<b>Number of Employees</b>
Senior Administrative Management Level 1 to 5: (note 2)	88,465 - 173,461	88,465 - 157,850	102
Management and Professional Staff (note 3)	25,844 - 96,770	38,402 - 98,472	295
Administrative Staff (note 4)	25,586 - 110,594	25,586 - 69,722	1950

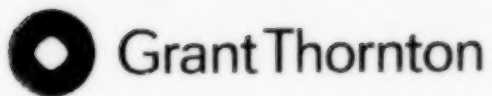
Note 1: Some individuals are in receipt of market differentials which may result in salaries that exceed the maximum levels in their approved salary ranges.

Note 2: Senior Administrative Management category was implemented April 2008 and includes previous categories of Administrative Directors level 1 - 4, the Marine Institute Academic Industrial Response Unit Managers, and employees on previous Band Levels 12-15.

Note 3: Management and professional staff ranges reflect 11 salary levels developed under the university's Job Evaluation System.

Note 4: Administrative and academic support staff salary ranges reflect salary levels defined by union collective agreements or non-bargaining terms and conditions of employment.

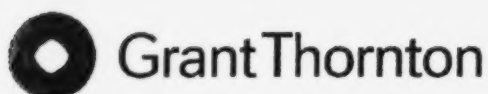




Consolidated Financial Statements

Multi-Materials Stewardship Board

March 31, 2009



## Auditors' report

Grant Thornton LLP  
197 Kenmount Road  
St. John's, NL  
A1B 3P9  
T (709) 722-5960  
F (709) 722-7892  
www.GrantThornton.ca

To the Directors of the

Multi-Materials Stewardship Board

We have audited the consolidated statement of financial position of the Multi-Materials Stewardship Board at March 31, 2009, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at March 31, 2009, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

St. John's, Newfoundland and Labrador

June 5, 2009

Chartered Accountants



# Multi-Materials Stewardship Board

## Consolidated Statement of Operations

Year Ended March 31

2009

2008

### Revenue

Gross revenue from deposits	\$ 20,489,496	\$ 19,067,314
By-product revenue	2,329,179	2,210,029
Residential Backyard Composting Program	3,749	72,809
Household Hazardous Waste Program	<u>71,526</u>	<u>66,596</u>

22,893,950 21,416,748

Cost of sales (Note 10) 18,942,279 16,984,930

Gross margin 3,951,671 4,431,818

Miscellaneous income 386,856 663,484

Income before expenses 4,338,527 5,095,302

### Expenses

Administrative (Page 13)	2,156,278	2,514,985
Grant disbursements	<u>2,929,149</u>	<u>1,133,647</u>

5,085,427 3,648,632

Excess of (expenses over revenue) revenue over expenses \$ (746,900) \$ 1,446,670

**Multi-Materials Stewardship Board**  
**Consolidated Statement of Changes in Net Assets**  
Year Ended March 31

**2009**

**2008**

	<u>Invested in Capital Assets</u>	<u>Unrestricted Net Assets</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ 409,960	\$ 18,525,281	\$ 18,935,241	\$ 17,488,571
Excess of (expenses over revenue) revenue over expenses	(114,133)	(632,767)	(746,900)	1,446,670
Investments in capital assets	<u>65,146</u>	<u>(65,146)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 360,973</u>	<u>\$ 17,827,368</u>	<u>\$ 18,188,341</u>	<u>\$ 18,935,241</u>

# Multi-Materials Stewardship Board

## Consolidated Statement of Financial Position

March 31

2009

2008

### Assets

#### Current

Cash and cash equivalents	\$ 20,635,456	\$ 18,603,196
Receivables (Note 5)	2,416,004	2,950,951
Inventories (Note 6)	44,998	118,918
Prepays	<u>46,312</u>	<u>53,707</u>

23,142,770 21,726,772

Long term investments 465,121 445,396

Property and equipment (Note 7) 360,975 409,960

\$ 23,968,866 \$ 22,582,128

### Liabilities

#### Current

Payables and accruals	\$ 819,831	\$ 590,840
Grants payable	2,546,635	984,412
Unearned revenue	<u>1,694,858</u>	<u>1,615,159</u>

5,061,324 3,190,411

Performance bonds payable 719,201 456,476

5,780,525 3,646,887

### Net Assets

Net assets invested in capital assets 360,973 409,960

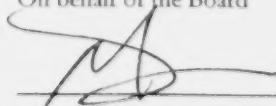
Unrestricted net assets 17,827,368 18,525,281

18,188,341 18,935,241

\$ 23,968,866 \$ 22,582,128

Commitments (Note 9)

On behalf of the Board



Chairperson



Director

# Multi-Materials Stewardship Board

## Consolidated Statement of Cash Flows

Year Ended March 31

2009

2008

Increase (decrease) in cash and cash equivalents

### Operating

Excess of (expenses over revenue) revenue over expenses	\$ (746,900)	\$ 1,446,670
Depreciation	114,133	115,338
Loss on disposal of equipment	<u>-</u>	<u>24,489</u>
	(632,767)	1,586,497
Change in non-cash operating working capital (Note 8)	<u>2,487,173</u>	<u>(27,714)</u>
	<u>1,854,406</u>	<u>1,558,783</u>

### Financing

Increase in performance bonds payable	<u>262,725</u>	<u>23,386</u>
---------------------------------------	----------------	---------------

### Investing

Increase in long term investments	(19,725)	(12,306)
Purchase of property and equipment	(65,146)	(287,922)
Decrease in note receivable	<u>-</u>	<u>60,000</u>
	<u>(84,871)</u>	<u>(240,228)</u>

Net increase in cash and cash equivalents	2,032,260	1,341,941
---	-----------	-----------

Cash and cash equivalents

Beginning of year	<u>18,603,196</u>	<u>17,261,255</u>
End of year	<u>\$ 20,635,456</u>	<u>\$ 18,603,196</u>

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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2009

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### 1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The Board is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

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### 2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund.

The Multi-Materials Stewardship Board - Newfoundland and Labrador Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidated purposes. Effective April 1, 2006, the accounts of the Household Hazardous Waste Program were combined with the accounts of the Newfoundland and Labrador Waste Management Trust Fund. Separate audited financial statements have been issued for this Trust Fund, with an audit report date of June 2, 2009.

The accounts of the Residential Backyard Composting Program have also been grouped in these financial statements for consolidation purposes. Separate audited financial statements have also been issued for this Program with an audit report date of May 29, 2009.

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### 3. Summary of significant accounting policies

#### (a) Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

- i) property and equipment are recorded at cost, net of proceeds on disposal;
- ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
- iii) depreciation of property and equipment and gains (losses) on disposal are included in the net assets invested in capital assets account.

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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2009

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### **3. Summary of significant accounting policies (cont'd.)**

#### **(b) Use of estimates**

In preparing the Board's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less. Cash and cash equivalents also include a balance of \$254,080 (2008 - \$11,080) in restricted cash related to the performance bonds payable.

#### **(d) Revenue recognition**

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

Byproduct revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Revenue from the sale of compost bins is recognized when the bins are sold by the depots or to municipalities.

Revenue from the Household Hazardous Waste Program is recognized as the municipalities are invoiced and collection is reasonably assured.

Grant revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until the future period when related costs have been incurred.

Miscellaneous income (including interest income) is recognized as earned.

#### **(e) Inventories**

Inventories, which are comprised of aluminium beverage containers, PET beverage containers and compost bins, are valued at the lower of cost and net realizable value.

During the year, \$958 (2008 - \$Nil) of inventory was written off to cost of sales.

#### **(f) Long term investments**

Investments in guaranteed investment certificates are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2009

### 3. Summary of significant accounting policies (cont'd.)

#### (g) Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Rocaps equipment	30%, declining balance
Office furniture and equipment	20%, declining balance
Leasehold improvements	5 years, straight line
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

#### (h) Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

#### (i) Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 68% (March 31, 2008 – 68%).

#### (j) Financial Instruments

The CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement", requires the Board to revalue all of its financial assets and liabilities at fair value.

This standard also requires the Board to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2009

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### 3. Summary of significant accounting policies (cont'd)

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the standard, the Board's financial assets and liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivable	Amortized cost
Long term investments and performance bonds payable	Held for trading	Fair value
Payables and accruals	Other financial liabilities	Amortized cost

Other balance sheet accounts, such as inventories, prepaids, property and equipment and unearned revenue, are not within the scope of these accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data were used as appropriate. The fair values of cash approximated its carrying value.

#### Accounting standards and policies adopted during the year

##### (i) Inventories

In March 2007, the CICA issued Section 3031 "Inventories", which has replaced existing Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. This standard is effective for financial statements relating to fiscal years beginning on or after January 1, 2008 and is applicable for the Board's year ended March 31, 2009.

##### (ii) Financial Instruments - Disclosure

CICA Section 3862 "Financial Instruments - Disclosure" and CICA Section 3863 "Financial Instruments - Presentation" replaces CICA Section 3861, "Financial Instruments - Disclosure and Presentation". CICA Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. CICA Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007 and are applicable for the Board's year ended March 31, 2009.



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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2009

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### 4. Risk management

The Board's policy for managing significant risks includes policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant risks managed by the Board include liquidity, credit and market risks.

#### *Liquidity risk*

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

#### *Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Board's credit risk is attributable to receivables. Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates.

##### i) Interest rate risk

Interest rate risk is the risk that the value of a financial asset will fluctuate due to changes in market interest rates. The board is exposed to interest rate risk through its cash and cash equivalents and long term investments. Interest rate risk is managed through holding low risk cash and cash equivalents and long term investments.

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5. Receivables	2009	2008
Deposits	\$ 2,308,708	\$ 2,696,515
Trade and other	<u>107,296</u>	<u>254,436</u>
	<u>\$ 2,416,004</u>	<u>\$ 2,950,951</u>

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6. Inventories	2009	2008
Aluminium beverage containers	\$ 33,765	\$ 91,913
PET beverage containers	11,233	21,419
Compost bins	<u>-</u>	<u>5,586</u>
	<u>\$ 44,998</u>	<u>\$ 118,918</u>

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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2009

7. Property and equipment			2009	2008
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Rocaps equipment	\$ 144,928	\$ 57,842	\$ 87,086	\$ 117,996
Office furniture and equipment	128,546	69,230	59,316	59,148
Leasehold improvements	8,912	2,885	6,027	7,374
Computer hardware	69,755	38,367	31,388	38,563
Computer software	206,021	167,882	38,139	51,933
Bags and tubs	395,875	264,882	130,993	124,071
Vehicle	33,142	25,116	8,026	10,875
	<u>\$ 987,179</u>	<u>\$ 626,204</u>	<u>\$ 360,975</u>	<u>\$ 409,960</u>

8.	Supplemental cash flow information	2009	2008
Change in non-cash operating working capital			
Receivables		\$ 534,947	\$ (680,376)
Inventories		73,920	80,897
Prepays		7,395	(2,147)
Payables and accruals		228,989	(115,166)
Grants payable		1,562,223	560,720
Unearned revenue		<u>79,699</u>	<u>128,358</u>
		\$ 2,487,173	\$ (27,714)

### 9. Commitments

The Board is committed to minimum annual lease payments for property and equipment for the next four years as follows: 2010 - \$245,265; 2011 - \$213,479; 2012 - \$212,456; and 2013 - \$49,453.

The Board has entered into the following agreements:

- (i) processing and transportation of beverage containers to July, 2014;
- (ii) collection of used tires in Labrador West area to April, 2012;
- (iii) collection and transportation of used tires in the island portion of Newfoundland and Labrador and the Labrador Straits to February, 2010;
- (iv) collection of used tires in Happy Valley-Goose Bay area to February, 2010;
- (v) transportation of used tires collected in Labrador to May, 2010;
- (vi) recycling of used tires collected in Labrador to May, 2010; and
- (vii) transportation and disposal of processed glass to December, 2009.

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# Multi-Materials Stewardship Board

## Notes to the Consolidated Financial Statements

March 31, 2009

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### 10. Cost of sales

In June 2004, the Board terminated its contract under the Used Tire Recycling Program with its previous contractor. Subsequent to this termination, the Board assumed responsibility for the Program and implemented a contingency plan for the storage of used tires. Included in the cost of sales is \$787,938 (2008 - \$662,535) of interim contingencies costs for the storage of used tires. The costs will be incurred until the Board is able to make alternate arrangements under the Used Tire Recycling Program.

# Multi-Materials Stewardship Board

## Consolidated Schedule of Administrative Expenses

Year Ended March 31	2009	2008
Advertising	\$ 143,859	\$ 92,613
Doubtful accounts	42,626	60,000
Depreciation	114,133	115,338
Directors' remuneration	19,653	18,121
Dues, licenses and education	26,865	31,796
Equipment rental	24,809	25,866
Insurance	8,681	9,219
Interest and bank charges	6,448	11,688
Marketing and communications	170,711	707,272
Meetings and entertainment	8,278	6,055
Miscellaneous	1,219	4,384
Professional fees	133,712	154,193
Rent	109,824	113,337
Repairs and maintenance	6,940	6,218
Rocaps supplies	16,568	26,333
Stationery and office supplies	42,820	57,109
Telecommunications	33,130	31,882
Travel - board and staff	85,177	61,596
Vehicle operating	8,960	15,165
Wages and benefits	<u>1,151,865</u>	<u>966,800</u>
	<u>\$ 2,156,278</u>	<u>\$ 2,514,985</u>

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**MUNICIPAL ASSESSMENT  
AGENCY INC.**

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**FINANCIAL STATEMENTS**  
Year ended March 31, 2009

# **JOHN F. MORGAN**

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*Chartered Accountant*  
Suite 901, TD Place, 140 Water Street  
St. John's, NL A1C 6H6  
Office: (709) 576-6776  
Fax: (709) 576-6777

## **AUDITORS' REPORT**

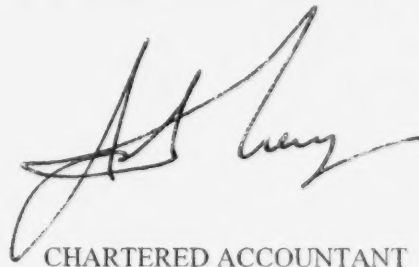
To the Shareholder of  
Municipal Assessment Agency Inc.

We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2009, and the statements of revenue, expenses and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2009, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland  
May 21, 2009



CHARTERED ACCOUNTANT

# MUNICIPAL ASSESSMENT AGENCY INC.

## BALANCE SHEET AS AT MARCH 31, 2009

ASSETS		2009	2008
<b>CURRENT ASSETS:</b>			
Cash	\$	358,267	\$ 403,454
Accounts receivable (note 2)		192,611	254,123
Current portion of long term receivables (note 3)		55,519	43,880
Prepaid expenses		99,681	55,867
		706,078	757,324
Long term receivables (note 3)		63,330	71,131
Severance reserve fund (note 4)		886,920	789,917
Capital assets (note 5)		1,382,402	1,400,454
		\$3,038,730	\$3,018,826

## LIABILITIES AND SHAREHOLDER'S EQUITY

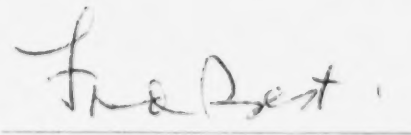
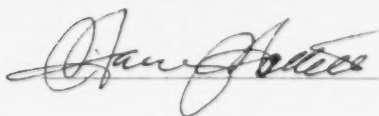
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued liabilities	\$	270,298	\$ 169,659
Accrued vacation pay (note 6)		231,713	204,765
		502,011	374,424
Accrued severance pay (note 6)		886,920	789,917
		1,388,931	1,164,341

## SHAREHOLDER'S EQUITY

<b>CAPITAL:</b>			
Authorized and issued			
1 Common share		1	1
Equity from operations		1,649,798	1,854,484
		1,649,799	1,854,485
		\$3,038,730	\$3,018,826

Commitments and contingencies (note 6 and note 8)

On behalf of the board:



# MUNICIPAL ASSESSMENT AGENCY INC.

## STATEMENT OF REVENUES, EXPENSES AND EQUITY FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
<b>REVENUES:</b>		
Assessment services	\$4,865,688	\$4,735,197
Secondment revenue (note 1)	62,102	-
Interest revenue	33,504	76,262
Valuation revenue	21,277	22,478
Miscellaneous revenue	2,499	-
	4,985,070	4,833,937
<b>EXPENSES:</b>		
Salaries	3,107,387	2,868,992
Benefits	607,443	599,559
Travel	386,682	308,849
Information technology	230,674	216,782
Professional fees	121,573	91,281
Postage and courier	110,943	122,728
Telephone	74,875	75,837
Premises and equipment lease	72,830	131,259
Repairs and maintenance	52,396	23,172
Printing	50,223	57,408
Office supplies	42,366	42,522
Advertising and public relations	27,653	17,713
Utilities	23,207	17,668
Insurance	20,817	15,839
Payroll processing	5,045	4,677
Bank charges	2,181	2,441
Meetings and events	753	354
Office relocation	240	10,477
	4,937,288	4,607,558
Excess of revenues over expenses before the following:	47,782	226,379
Provision for severance and vacation pay (note 6)	123,951	75,412
Amortization of deferred contributions - capital (note 7)	-	(27,951)
Amortization of capital assets	129,418	117,630
Loss on disposal of capital assets	1,597	7,173
Bad debt expense (recovery)	(2,498)	(40,990)
Excess of revenues over expenses	(204,686)	95,105
Equity from operations, beginning of year	1,854,484	1,759,379
<b>EQUITY FROM OPERATIONS, END OF YEAR</b>	<b>\$1,649,798</b>	<b>\$1,854,484</b>
Commitments and contingencies (note 6 and note 8)		



# MUNICIPAL ASSESSMENT AGENCY INC.

## STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses	\$ (204,686)	\$ 95,105
Items not affecting cash:		
Amortization of capital assets	129,418	117,630
Amortization of deferred contributions	-	(27,951)
Increase in long-term receivable	(3,838)	(51,148)
Increase in severance pay accrual	97,003	34,223
Increase in vacation pay accrual	26,948	15,597
Loss on disposition of capital assets	1,597	7,173
Net change in non-cash working capital balance	118,337	(33,316)
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>164,779</b>	<b>157,313</b>
<b>INVESTING ACTIVITIES:</b>		
Purchase of capital assets	(112,963)	(1,203,155)
Proceeds from disposition of capital assets	-	285
<b>CASH USED IN INVESTING ACTIVITIES</b>	<b>(112,963)</b>	<b>(1,202,870)</b>
Increase (decrease) in cash position	51,816	(1,045,557)
Cash position, beginning of year	1,193,571	2,238,928
<b>CASH POSITION, END OF YEAR</b>	<b>\$1,245,187</b>	<b>\$1,193,371</b>

**Cash is represented by:**

Operating cash	\$ 358,267	\$ 403,454
Severance reserve fund	886,920	789,917
	<b>\$1,245,187</b>	<b>\$1,193,371</b>

Commitments and contingencies (note 6 and note 8)

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# MUNICIPAL ASSESSMENT AGENCY INC.

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

### General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the "Corporation") was incorporated under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of \$1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

### 1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results.

The more significant accounting policies of the Corporation are as follows:

#### (a) Capital assets

Capital assets purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%
Buildings	4%

The Corporation is currently using furniture, equipment and computers provided by the Department. As title to these assets have not been transferred to the Corporation, they have not been recorded in the accounts.

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# MUNICIPAL ASSESSMENT AGENCY INC.

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

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### 1. Summary of significant accounting policies (continued):

#### (b) Revenue recognition

Government assistance related to acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

Secondment revenue relates to employees who have been seconded out to government departments. The employee's salary is paid by the Agency and the government departments are invoiced on a monthly basis.

#### (c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

#### (d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

#### (e) Fair Value of Financial Instruments

The company has evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of its financial instruments is considered to approximate fair value, unless otherwise indicated.

# MUNICIPAL ASSESSMENT AGENCY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

### 2. Accounts receivable:

	<u>2009</u>	<u>2008</u>
Trade receivables	\$ 165,084	\$ 214,615
Accrued interest	1,103	3,756
HST recoverable	33,171	65,043
Employee receivable	3,011	2,456
Allowance for doubtful accounts	<u>(9,758)</u>	<u>(31,747)</u>
	<u>\$ 192,611</u>	<u>\$ 254,123</u>

### 3. Long term receivables:

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period of 48 months, provided all future fees are paid on a current basis.

### 4. Severance reserve fund:

The Agency has internally restricted funds for the accrued severance pay liability, these funds are to be used to pay any accrued severance and not to be used in normal business operations. The restricted funds are held in the Agency's operating account that bears interest.

### 5. Capital assets:

	<u>2009</u>			<u>2008</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$ 443,818	\$ 344,726	\$ 99,092	\$ 117,005
Furniture and equipment	288,277	159,617	128,660	115,174
Integrated assessment system	1,109,343	1,042,999	66,344	94,778
Buildings	933,237	53,152	880,085	862,176
Land	<u>208,221</u>	<u>-</u>	<u>208,221</u>	<u>211,321</u>
	<u>\$2,982,896</u>	<u>\$1,600,494</u>	<u>\$1,382,402</u>	<u>\$1,400,454</u>

# MUNICIPAL ASSESSMENT AGENCY INC.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

### 6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of \$366,950. During fiscal 2001, an agreement was reached with the province to fund this liability by a payment of \$160,000, which represented the present value of the liability as calculated by management.

The provision for severance and vacation pay consists of the following:

<b>Severance pay</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Opening balance	\$ 789,917	\$ 755,694
Current year expense	97,003	59,815
Usage	<u>-</u>	<u>(25,592)</u>
Closing balance	<u>\$ 886,920</u>	<u>\$ 789,917</u>
<b>Vacation pay</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Opening balance	\$ 204,765	\$ 189,169
Current year expense	<u>26,948</u>	<u>15,596</u>
Closing balance	<u>\$ 231,713</u>	<u>\$ 204,765</u>

### 7. Deferred Contributions - Capital:

The Corporation received Government funding in prior years that was deferred for future operating expenses and capital expenditures. During the year, the Corporation recognized the following deferred contributions.

	<b><u>2009</u></b>	<b><u>2008</u></b>
Opening balance	\$ -	\$ 27,951
Capital contribution recognized	<u>-</u>	<u>27,951</u>
Closing balance	<u>\$ -</u>	<u>\$ -</u>

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# **MUNICIPAL ASSESSMENT AGENCY INC.**

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## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009**

### **8. Commitments and Contingencies:**

The Agency has a lease for office space in Corner Brook, Newfoundland. The term of the lease is 5 years, starting October 1, 2007, with the option to renew for a further term of up to 5 years. The monthly rental fee is \$4,211.

The Agency has a lease for office space in Conception Bay South, Newfoundland. The term of the lease is 2 years, starting September 1, 2007. The monthly rental fee is \$350.

The Agency has a lease for office space in Clarenville, Newfoundland. The term of the lease is 5 years, starting May 1, 2008. The monthly rental fee is \$350.

The Agency has prepared property valuations which are subject to litigation to which the Agency has been included as a third party defendant. These claims could be considered to be in the normal course of the Agency's activities. Neither the possible outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been made in the financial statements.

### **9. Comparative Figures:**

Certain comparative figures have been reclassified to conform to the current year's presentation.